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Table with exchange rates and other financial data.

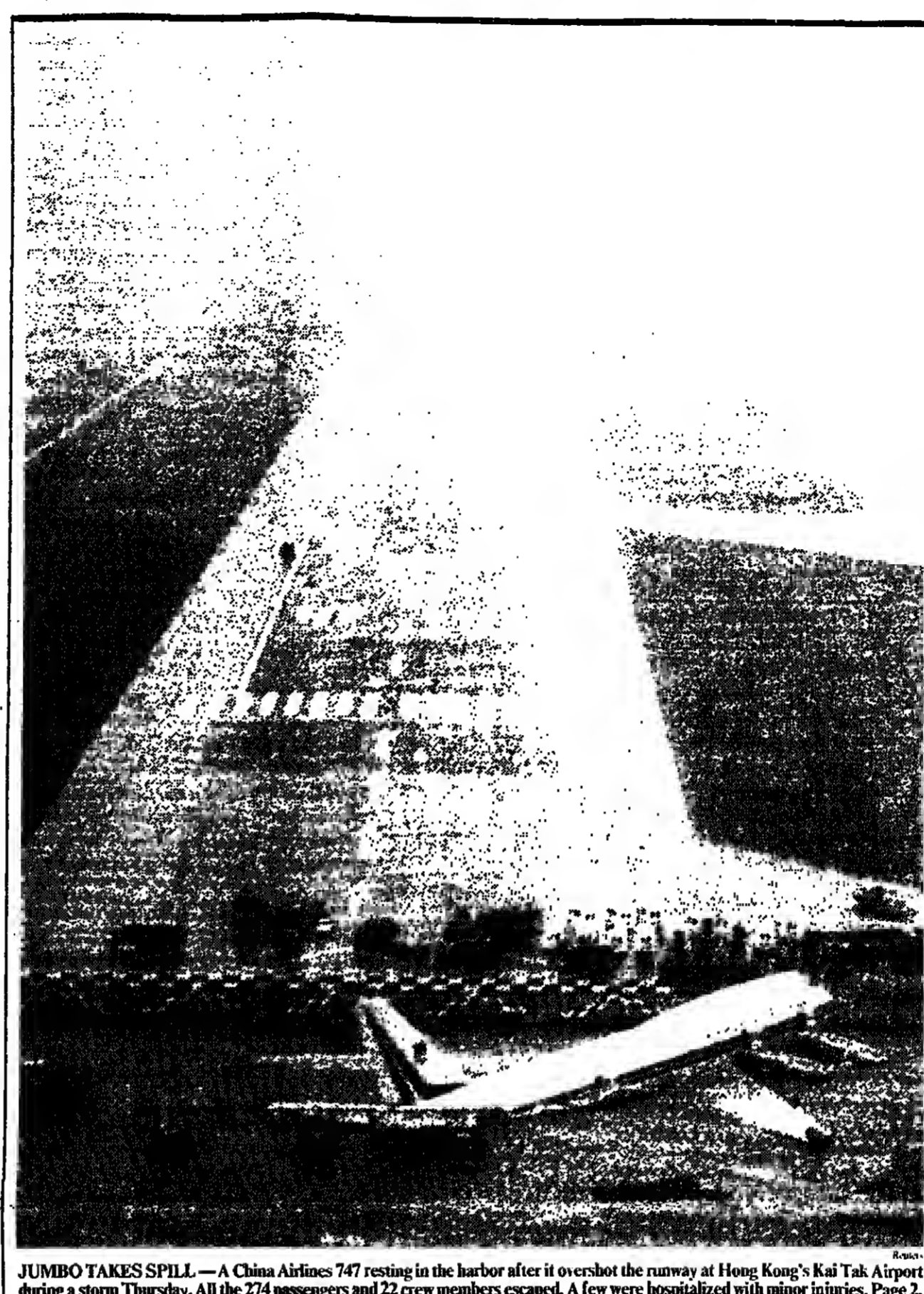
No. 34,427 44/93

PARIS, FRIDAY, NOVEMBER 5, 1993

ESTABLISHED 1887

A U.S.-Russian Exercise Planned for Germany Takes Bonn by Surprise

By Michael R. Gordon. WASHINGTON — It started out as a bright idea to strengthen ties between the American and Russian military. But so far it has strained relations with Washington's key European allies.



JUMBO TAKES SPILL — A China Airlines 747 resting in the harbor after it overshot the runway at Hong Kong's Kai Tak Airport during a storm Thursday. All the 274 passengers and 22 crew members escaped. A few were hospitalized with minor injuries. Page 2.

Russian Force Takes Up Positions in Georgia

Tbilisi, Georgia — About 200 Russian marines landed Thursday in western Georgia to help guard transportation links in an operation that pulled Russia deeper into Georgia's civil war.

Talk of a Social Explosion As the New Downside Risk

By Jacques Neher. PARIS — Jolted by growing labor strife, Europe's corporate leaders are expressing misgivings about "lean and mean" business strategies that have led them to slash millions of jobs.

Turkish Targets in Europe Are Hit Again

By Barry James. Turkish counterinsurgency operations against the Kurdish Workers Party, or PKK, from the headquarters of the EC Commission. A demonstration outside the Turkish Embassy in Oslo dispersed without violence.

Christopher Acts To Shift Focus In Policy Debate

WASHINGTON — Secretary of State Warren M. Christopher began a counteroffensive against criticism of President Bill Clinton's foreign policy Thursday with a strong emphasis on what he said were "the great challenges in this era of change."

In East Europe, a New Respect for Police

By John Pomfret. PRAGUE — Four years after the dismantling of repressive security services following the collapse of communism, soaring crime and corruption have prompted a move to restore power to police and intelligence agencies in Eastern Europe.

U.S. Seeks UN Somali Inquiry Panel

UNITED NATIONS, New York (Reuters) — In an effort to draw the Security Council away from its mandate to hunt down and punish the Somali faction leader Mohammed Farrah Aidid, the United States is pushing for a council resolution to create a commission of inquiry on Somalia, diplomats said Thursday.

In Malibu, California, Smoldering Ruins of a Posh Paradise Lost

By Seth Mydans. MALIBU, California — The outlines of paradise can be read in its ruins, on the steep, spectacular curves of Carbon Mesa Road overlooking the Pacific Ocean, where the lavish homes of the wealthy and famous lie in cinders.

Kiosk

Table with market data including Dow Jones, Trib Index, The Dollar, Business/Finance, and Leisure.

WORLD BRIEFS

In This Catholic Enemy, the IRA Has Placed Its Trust

By James F. Clarity

DUBLIN — In his hometown of Londonderry, there is an old joke about John Hume, the most respected and influential Roman Catholic leader in Northern Ireland: What is the difference between John Hume and God? The answer: "God doesn't think he's John Hume."

Mr. Hume, a 56-year-old former French teacher with a reputation for being haughty and humorless, has been the target of this kind of criticism for most of the 20 years he has been the chief Roman Catholic enemy of the Irish Republican Army and its campaign of violence.

Although he rejected the initiative, Mr. Major praised Mr. Hume as "courageous" in the House of Commons in London this week.

To the assertions of Protestant leaders that his talks with Mr. Adams encourage IRA violence, Mr. Hume said recently: "There is no way that I have ever endorsed violence. My home has been attacked on numerous occasions by supporters of the IRA. In fact in the last attack my wife and daughter were lucky to emerge alive."

Mr. Hume quickly became the chief Northern Irish enemy of the IRA, traveling frequently to Washington to persuade Irish American politicians, including Senator Edward M. Kennedy, to oppose Irish-American groups that were raising money for the IRA.

Kohl Credits Superpowers

A Key to Unity, He Says, Was Gorbachev's Restraint

Compiled by Our Staff From Dispatches

BERLIN — Chancellor Helmut Kohl disappointed former East German dissidents Thursday by insisting that Mikhail S. Gorbachev played a bigger role than they did in bringing about German unity.

dissidents who eventually took to the streets in late 1989. "We would have had a most bitter experience if Gorbachev had reacted the night the Wall opened like his predecessors had done in the past," Mr. Kohl said, referring to earlier Soviet interventions in East Berlin, Budapest and Prague to crush popular protests.

member commission have been fighting an uphill battle to win more recognition for the role they played as civil rights campaigners.



Mr. Kohl, right, with Rainer Eppelmann, chairman of the panel looking into German reunification.

AIDS Anxiety Prompts German Panic

BONN — Thousands of Germans who were operated on during the last decade swamped health agencies on Thursday asking if they should be tested for the AIDS virus, officials said.

calls had poured in to advise centers, doctors and hospitals since Wednesday morning.

"Profits should not be allowed to be made in the blood business," said Ellis Höber, head of Berlin's doctors' association. "The temptation to cheat is too great."

of UB Plasma, the Kohlentz company that was shut last week on suspicion of not properly testing all its blood products, had weakened her earlier assertion that the company had knowingly sold tainted plasma.

A Breakthrough? Peres Is Mysterious

By Clyde Haberman

JERUSALEM — Israel's foreign minister, Shimon Peres, has dropped broad hints of a possible breakthrough in peace negotiations with an Arab country.

747 Skids Into Hong Kong Harbor, All Escape

HONG KONG — A Taiwan jumbo jet with nearly 300 people aboard skidded off the runway and plunged into the sea Thursday while trying to land in strong winds and heavy rain at Kai Tak airport in Hong Kong.

and 22 crew members were evacuated to safety.

"According to the captain, just after he touched down, the wind changed," Mr. Liu said. "He felt he could not make a complete stop. He used the brakes, he used the reverse thrust. He tried his best, but he couldn't stop the aircraft."

port as Kai Tak approaches its full capacity of 24 million passengers a year, boosted by China's booming economy.

But government officials confirmed virtually nothing except the obvious: that Mr. Rabin and Mr. Peres met in Tel Aviv on Thursday with Foreign Minister Amr Moussa of Egypt on how to get Israel's separate talks with the Palestine Liberation Organization and Syria moving smoothly once more.

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Critics have for some time said that the airport should be removed.

quake struck southwestern Greece on Thursday, causing panic among residents in the port cities of Patra and Aiyion but no damage or injuries. It measured 5.4 on the Richter scale.

After his meeting with Mr. Moussa on Thursday, Mr. Peres said: "We do not exclude any country from the peace circle. We do believe that peace will be completed when it completely includes all parties, including the Syrian part, including the Lebanese, including the Jordanian party in addition to the Palestinian one."

CALLING ONE FOREIGN COUNTRY FROM ANOTHER IS NO SECRET WITH THESE SIMPLE ACCESS CODES. Includes a large table of international calling codes for various countries like America Samoa, Argentina, Australia, etc.

Paris to Cut Algiers Staff After Threat

PARIS (Reuters) — Foreign Minister Alain Juppé said Thursday that France was taking very seriously threats by Muslim fundamentalists to kill foreigners in Algeria and would reduce its embassy and consular staff in Algiers.

Chrétien Assumes Canada Leadership

OTTAWA (AP) — Jean Chrétien, whose Liberal Party was swept to power by dissatisfaction with the Canadian economy, took over as prime minister Thursday and is expected to move quickly to try to create jobs.

Croats Flee Town Taken by Muslims

SARAJEVO, Bosnia-Herzegovina (Combined Dispatches) — The central Bosnian town of Vares fell to Muslim troops Thursday after Croatian forces abandoned their positions and fled along with some 15,000 Croatian civilians.

Lord Upheld on Ownership of Silver

NEW YORK (Reuters) — A New York jury decided Thursday after a six-week trial that an English lord was the rightful owner of a collection of ancient Roman silver valued at up to \$100 million.

Patten Ready for Talks With Major

HONG KONG (AFP) — Governor Chris Patten leaves Friday for London to decide whether to press unilaterally with proposals for political changes in Hong Kong.

Boy Beckoned Victim, Witness Says

PRESTON, England (Reuters) — Witnesses at the murder trial of two schoolboys described on Thursday how they had seen the 2-year-old victim skipping freely toward a beckoning boy and clutching his hand as he was led away to death.

Corrections

An article in Thursday's editions about German AIDS tests gave an erroneous figure for the number of hemophiliacs in France who have died as a result of receiving contaminated blood products.

TRAVEL UPDATE

Paratroopers to Drop on D-Day 1994

PARIS (Reuters) — Paratroopers from four nations will drop over the Normandy beaches June 6 to celebrate the 50th anniversary of the Allied invasion of Europe, which led to the defeat of Germany.

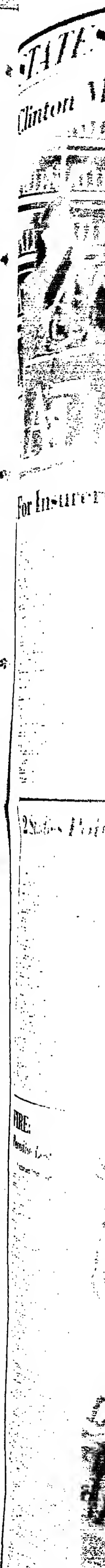
Four persons died in Italy and at least three others were badly injured when fire broke out after more than 20 vehicles, including trucks, crashed in a tunnel Thursday on the highway between Florence and Bologna.

The Dubai airport will close daily from 2:30 to 5:30 P.M. during an international air show from Sunday until next Thursday, organizers said Thursday.

Air France flight schedules are to return to normal Friday apart from that of the Concorde, which will do so Monday, the company said. (AFP)

Sprint Be here now. WorldCapUSA94. Includes a list of international calling codes for various countries.

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German Approach Japan on Defense

Warning On Ties To Iran

U.S. Assails Some In EC for Links

BRUSSELS — The United States criticized the European Community on Thursday for allowing some of its members to break ranks and reopen links with Iran, warning that it contained echoes of events leading up to the Gulf War.

"This is a real source of tension between us," Stuart E. Eizenstat, the U.S. representative to the Community, said at a seminar on EC-U.S. relations.

He said that Secretary of State Warren M. Christopher felt that Iran must remain quarantined until it changed its policies, but that some EC states had undermined this stance by reopening trade and diplomatic ties to Tehran.

"This is too close an echo of what happened with Iraq," Mr. Eizenstat warned.

Germany provoked protests in mid-October over an official visit to Bonn by the Iranian intelligence chief, Ali Fallahian, justifying it on the grounds that contacts with Tehran were essential for humanitarian as well as political reasons.

The visit prompted the United States to take the unusual step of publicly objecting to Bonn's ties to Iran.

Embassy Seizure Marked

Iran on Thursday celebrated the 14th anniversary of the seizure of the U.S. Embassy in Tehran as a "humiliation of the Great Satan," Agence France-Presse reported from Tehran.

The country's spiritual guide, Ayatollah Sayed Ali Khamenei, ruled out any chance of improving relations with Washington.

"There is no need for us to talk with dictators," he said. "But if relations are to be restored one day, we shall be the ones to set the preconditions: that they repent for all the tragedies they have created worldwide."

Thousands of demonstrators took to the streets of the capital on Thursday, shouting "death to America, death to Israel," they burned U.S. flags and effigies of Uncle Sam to mark what newspapers called the "humiliation of the Great Satan."

The parliamentary speaker, Ali Akbar Nategh Nuri, said negotiations with Washington were "out of the question."

"The problems between Iran and the United States," he said, "are insurmountable."

On Nov. 4, 1979, just months after the Islamic revolution that toppled the pro-Western shah, students seized hostages in the U.S. Embassy. Most were not released until January 1981.

Ayatollah Khamenei, addressing students Wednesday night, praised the embassy takeover as a "courageous and vigilant" action.

He condemned advocates of dialogue with Washington as "naive, cowardly and ignorant."

Saeed Rajai Khorassani, an influential moderate in the Iranian parliament, has called for negotiations toward a normalization of ties with the United States.

Ali Akbar Mottashemi, a hard-line radical, urged Ayatollah Khamenei to block any move toward reconciliation. "Iran's revolutionary force," he warned, "will never allow such a humiliation."

57 Years Later, Russia Church Reconsecrated

MOSCOW — The head of the Russian Orthodox Church and priests in gold, black and white robes reconsecrated a cathedral in Red Square on Thursday that had been destroyed on Stalin's orders more than a half-century ago.

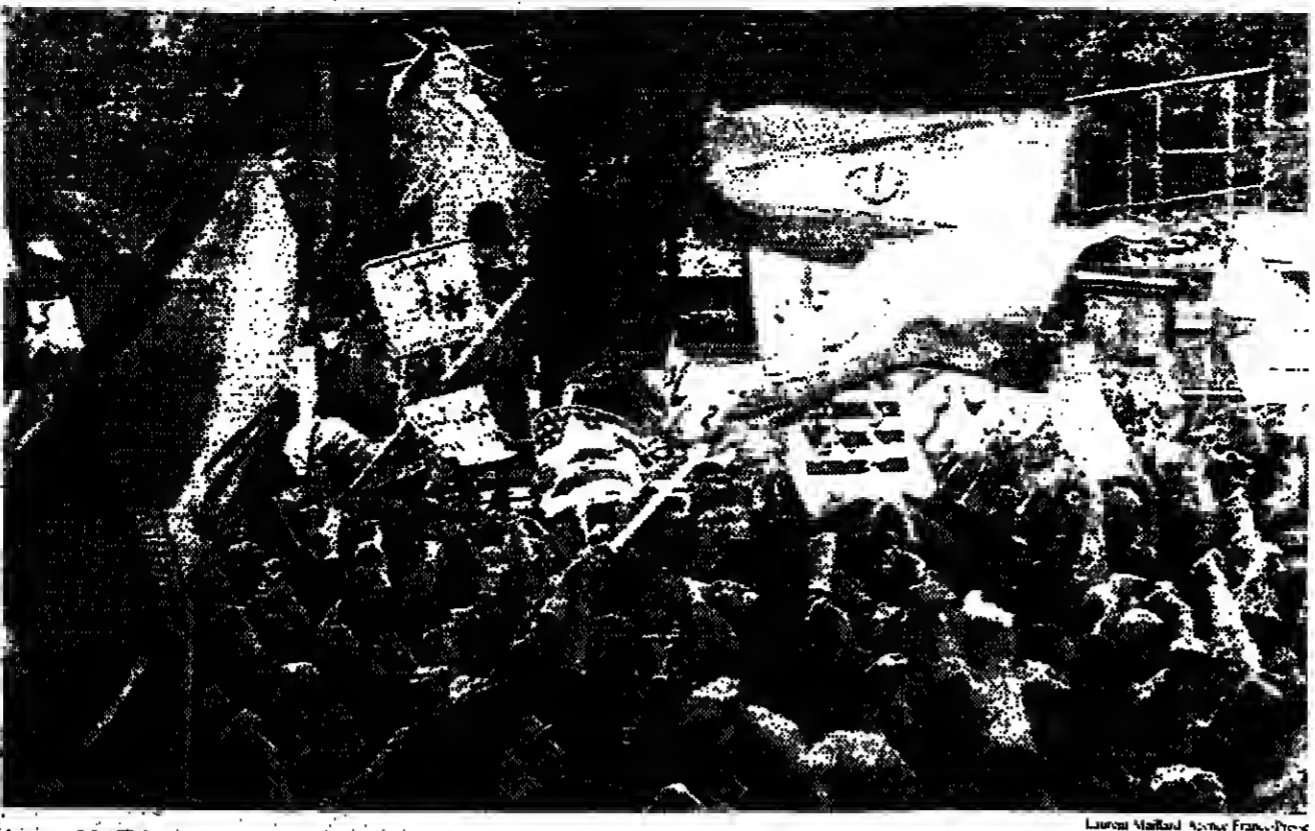
The rebuilding of the Kazan Cathedral gave evidence of the rise in the church's fortunes since the collapse of the Soviet Union. As a choir sang, President Boris N. Yeltsin and other senior government leaders attended the ceremony, which was watched by hundreds of people holding candles.

A few hundred yards away stands the tomb of Lenin, the father of Russian communism. City officials want to close the tomb and remove Lenin's body, to sever ties with the Communist past.

The 300-year-old cathedral, one of the most important holy sites in Russia, was torn down in 1936 because Stalin wanted to crush the Orthodox Church. The destruction cleared the way for military parades held by the Communists in Red Square.

Reconstruction of the cathedral began in 1992, financed by government and public donations. The squat pink building, with gold domes and crosses, stands near the famous GUM department store.

Mr. Yeltsin told Patriarch Alexei II, head of the church, that the government would turn the country's two most venerated icons from a state collection. The announcement ended a long-running dispute between the church and museum officials.



A crowd in Tehran on Monday celebrating the 14th anniversary of the seizure of the U.S. Embassy and its American hostages.

U.S. Troops to Re-emerge in Somalia

By Keith B. Richburg

Washington Post Service
MOGADISHU, Somalia — U.S. officials here say that American troops will re-establish a high-profile military presence on the capital's dangerous streets after weeks of not venturing beyond their fortified barracks.

Robert B. Oakley, the special U.S. envoy to the region, said at a closed-door meeting with representatives of foreign and Somali humanitarian relief groups Wednesday that the American troops, alongside their UN counterparts, should begin undertaking more visible activities "of a peaceful nature" in the next few days, according to relief officials who attended the session.

Colonel Steve Ransch, a Pentagon spokesman in Mogadishu, said that some new military operations in the capital were imminent. He said they would be aimed at reopening Mogadishu's major roads, which in recent weeks have been taken over by Somali militiamen openly displaying their automatic weapons for the first time since U.S. Marines landed here nearly 11 months ago.

One U.S. military official said Major General Thomas Montgomery, commander of American forces in Somalia, was still working out the details of the new U.S. activities, including trying to answer such questions as whether the American troops will patrol jointly with Pakistani UN peacekeepers on major routes in dangerous areas. This official said there were no plans for U.S. troops to man permanent checkpoints on those routes, or to conduct "routine" patrolling.

The public comments of Mr. Oakley and Colonel Ransch, and the private remarks of other U.S. officials, were apparently intended to counter recent criticism that the 7,200 American troops in Mogadishu would be doing little more than protecting themselves and preparing for the eventual departure of all U.S. forces next March.

Mr. Ransch said in an interview that there would be, "over the next couple of weeks, an increase in visibility of U.S. troops." He said the heightened troop presence would not involve American troops "going house to house or anything like that."

Colonel Ransch said: "There's a lot of concern about the weapons carried openly on the streets. We're not just going to sit around our compounds."

Possible future operations include removing Somali barricades on 21 October Road, preferably after reaching agreement with the faction led by Mohammed Farah Aidid, Colonel Ransch said.

"We're not going to pick a fight," Colonel Ransch said. "But if there's one available, we're not going to run away from it, either." Mr. Oakley and Colonel Ransch both said the planned shift to a more visible U.S. military presence in the streets did not represent a change to a more aggressive policy. Rather, they said, it was in keeping with President Clinton's pledge to use American troops to reopen the capital's "lines of communication" — meaning the major routes traveled by American and UN troops and relief agencies.

The new U.S. posture — a muscular military presence on the streets coupled with behind-the-scenes negotiations to reduce the risk of confrontation — in many ways appears to imitate the initial stages of the American intervention last December. At that time, U.S. Marines fanned out through the streets only after Mr. Oakley and other diplomats had negotiated with General Aidid and his militia not to display firearms or challenge the U.S. troops.

Early Pullout Rejected

Daniel Williams of The Washington Post reported from Washington: A House panel narrowly rejected a Republican-led bid to force an early withdrawal of U.S. troops from Somalia. Opponents argued that such a move would embarrass President Clinton.

Benjamin A. Gilman of New York, the ranking Republican on the House Foreign Relations Committee, had called for withdrawal by Jan. 31 rather than the March 31 deadline set by Mr. Clinton last month. The panel chairman, Lee H. Hamilton, Democrat of Indiana, countered with an amendment supporting Mr. Clinton's date.

Mr. Hamilton's blocking action won by a 22-to-21 vote after the

House speaker, Thomas S. Foley, Democrat of Washington, telephoned wavering Democrats. The vote complemented action last month by the Senate, which con-

cluded with Mr. Clinton's deadline. Administration officials testifying before the vote Wednesday emphasized logistical reasons for staying in Somalia. One said an early

pullout would be "extremely difficult." Others said it would hamper efforts to recruit international replacements under the United Nations banner.

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Don't miss this series.

COMING NOVEMBER 15TH TOKYO

Patricia Wells is the author of *The Food Lover's Guide to Paris*, now in its third edition.

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- Are your customers as loyal as you want?
 - Yes No
 - It's one thing to gain customers. It's another to keep them. The strength of your business depends largely upon your ability to sustain a relationship with customers.
- Do you generate as much business from each customer as you want?
 - Yes No
 - A critical component of business growth is increased sales content. To maximize each business opportunity, you need a way to leverage your entire organization — to bring it totally to bear at the point of customer contact.
- Do you really know what your customers want?
 - Yes No
 - Are you alert to every product your customers could use? Every service that might interest them? Every transaction they're prepared to make? Every sale they'd allow you to follow through? Are you thoroughly plugged into your market?
- Does your entire organization know what your customers want?
 - Yes No
 - A customer orientation has limited value unless it's embedded in the very heart of an enterprise — at all levels, and at every place that directly or indirectly involves the customer.
- Is your information strategy focused on helping you hear what customers and markets are trying to tell you?
 - Yes No
 - The next best thing to reading your customer's minds is listening to what they're saying. But unless you're constantly tuned in to customers' signals, you're missing messages that could guide you to greater results for your business.
- Can your organization respond quickly to what customers and markets are telling you?
 - Yes No
 - When the flow lines of your information system are not within your customers' reach, you won't always sense when opportunity knocks. But even if you do, getting the message is not enough. If you can't reply rapidly to market signals with information, products and services, revenue opportunities are lost.
- Does your information strategy enable the proactive delivery of information to your customers?
 - Yes No
 - Many business plans underestimate the power of information to build customer relationships. But imagine the advantage of an information technology strategy that transforms information into customer-generating, revenue-generating fuel.
- Are the full capabilities of your organization accessible to your customers at all your field locations?
 - Yes No
 - An office. A branch. A retail site. To a customer, that's your company. One small part of the whole. Which is why you need to leverage your entire organization by extending its capabilities to each point of customer contact.
- Does your information strategy reflect the bottom-line importance of customer service?
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

A Fine Day for Republicans

Tuesday was a fine day for Republicans. They swept the three biggest contests. For mayor in New York City and for governor in New Jersey and Virginia.

1994, that argument will give little comfort to Democrats who control Congress. In fact, these elections simply reinforce what was evident before Tuesday.

A Sad Exit in Jerusalem

As mayor of Jerusalem for 28 years, Teddy Kollek has presided memorably as the blunt-spoken but equitable magistrate of a fractious city. In his prime, he would begin at dawn by walking through Jerusalem, paying its diverse inhabitants the courtesy of listening.

A Likud Party hard-liner who opposed the Camp David accord with Egypt, his victory was assured by a last-minute deal with an ultra-Orthodox candidate who abandoned the race in return for promises of more money for religious schools.

Romania in From the Cold

No place in formerly Communist Eastern Europe has had a tougher time breaking away from the old controls and habits than Romania. It executed dictator Nicolae Ceausescu in 1989 but kept many of his unreconstructed comrades in power and in the woodwork.

services have come under tentative though still inadequate parliamentary control; privatization has proceeded. Romania has enforced United Nations sanctions against former Yugoslavia, and paid for it. China, a harsher place, has had most-favored status for a year.



French and Americans Playing a Dangerous Game

WASHINGTON — It's just over a month to go now to decide whether Dec. 15 will go down in history as Black Wednesday. That is the grim prediction as time runs out on negotiations for a new General Agreement on Trade and Tariffs, blocked above all by the French.

By Flora Lewis Washington-based Center for Strategic and International Studies, to see if a quiet two days cloistered in a luxury hotel couldn't overcome suspicions and replace heat with light.

done to change the pernicious course. The Americans say, and probably believe, that although they would like a GATT agreement, they won't manage to do so without one. They can turn to the Pacific, to Latin America for partners.

In Muslim Pakistan, a Fresh Start for Democracy

WASHINGTON — Benazir Bhutto's re-election as prime minister of Pakistan is one of the great comebacks in modern political history. It should give perspective to Western views of Islam.

By Nicholas Platt ran Pakistan for four months, left a legacy of reform, including measures to tax feudal landlords, fight the drug trade and reduce corruption.

The time has come to turn the National Assembly into a working legislature. This will take a determined effort by both the government and the opposition party.

Other Comment

Danger on the Subcontinent

The latest flare-up of violence in Kashmir has again reminded the world of the smoldering conflict on the Indian subcontinent, where two hostile powers with nuclear potential confront each other.

The Wages of Bad Taste?

I know that we should not, but we Britons seem to think the Great Fire of Hollywood funny. We know that art is not the same as life. But, such is film's power, we think that, for example, Bruce Willis, the hero of "Die Hard 1" and "Die Hard 2" were trying to kill any villains who were showing to harm down Hollywood, then leapt into his helicopter and doused the flames with numerous fire extinguishers which he had personally wrenched out of the hands of obstructive bureaucrats at Los Angeles City Hall.

A Waiting Game on Haiti

The United States and other countries appear satisfied, for now, with observing the oil and arms embargo imposed by the United Nations on Haiti. They are not ready for the commercial embargo sought by France, Canada and Venezuela.

A Real European Union Would Care About Ulster

LONDON — If the rhetoric in the Maastricht treaty about an ever deepening identity of interests among European Community member states means anything, then it should surely provide a framework for Europe to do something about the ever deepening bloodbath into which Northern Ireland is sinking.

1893: To Free the 'Pope'

ROME — The police have arrested four persons charged with swindling. A woman calling herself the Countess of St. Armand, and a man calling himself the Duke of Bustalil, have, by means of a strange story concerning the Pope, managed to work on the feelings of pious people and obtain large sums.

1918: Terms of Peace

LONDON — The Washington correspondent of the "Morning Post" in a special dispatch writes: "The American public generally believes that the Republicans are more determined than the Democrats to impose upon Germany very severe peace condi-

1943: German Casualties

LONDON — [From our New York edition.] Germany has suffered 2,750,000 casualties, nearly 1,000,000 of them killed and captured during four months of a still-rolling Red Army offensive which threatens to hurt the Nazi Army out of Russia this winter, a special Moscow announcement disclosed last night [Nov. 4].

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Advertisement for 'The World Tonight' program, featuring a photo of a man and text about the program's content.

A Foretaste Of Change For 1994?

WASHINGTON — To Tip O'Neill's dictum "All politics is local," we append Saffire's Corollary: All local politics is now national. Looking from the bottom up, a local election in a television age has a national impact.

What do this week's three-for-three Republican victories, added to three-for-three earlier this year, mean for national politics? The impossible is now possible: control of the U.S. Senate is within reach, which would effectively end the creeping centralization of government power.

What can turn a possibility into a reality? Events like election day 1993, for starters. As Mr. Dole says: "Winning builds confidence. Winning helps us raise money and recruit candidates." Losing works the other way.

California Governor Pete Wilson is on the comeback trail; if re-elected in '94, he and Jack Kemp — both realists on conservatives — will be front-runners in the primaries, putting the party in a winning position.

1918: Terms of Peace LONDON — The Washington correspondent of the "Morning Post" in a special dispatch writes: "The American public generally believes that the Republicans are more determined than the Democrats to impose upon Germany very severe peace condi-

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OPINION

Mapping Out a Trisected World

By Alvin Toffler and Heidi Toffler

NEW YORK — Why doesn't America know where it is going? U.S. foreign and military policy is swerving like a drunken driver without a map. It shows no clear grasp of vital short-term national interests, let alone of the long-term shape of the global system.



California: No Mystery, It Was Meant to Burn

By Marc Reisner

LAGUNA BEACH, California — Most years, usually in September or October, a big piece of California goes up in flames. Because nature in California is profoundly misunderstood, reactions run from surprise to shock.

financial services, management consulting, software, banking, economic intelligence. They need protection against the piracy of intellectual products. As for ecology, they want the "spoiled" agrarian countries to protect their jungles, skies and greenery for the "global good" — sometimes even if it stifles development.

The writers are authors, most recently, of "War and Anti-War: Survival at the Dawn of the 21st Century." They contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Easy Does It on NAFTA

Regarding "A Case for NAFTA, Quick and Dirty" (Opinion, Oct. 22) by William Safire: I usually agree with Mr. Safire, but I cannot endorse his facile approval of the North American Free Trade Association.

The Four-Day Week

Regarding the report "Short of Jobs, Europe Weighs a Shorter Workweek" (Oct. 27): In outlining the position of France on this subject, William Drozdzak concentrates his comments on the declarations of Michel Rocard, leader of the opposition Socialist Party.

Still With Us

Regarding "It's 'Take-Charge' Haig Rushing to Forgive Beijing" (Oct. 30) by A. M. Rosenthal: Alexander Haig is quoted as saying, "Tiananmen is a long way behind us."

Columbus in Context

Regarding "America the Greatest" (Back Page, Oct. 15): Hitler was only a product of his time and place, and therefore we of a later generation should not stand in judgment over him.

Justice Indeed

Regarding "Justice for J. J. Pollard" (Letters, Oct. 20): There is an old saying in America that I'm sure Mr. Pollard was aware of when he was spying for Israel: "You make your bed, and you have to sleep in it."

Brave New Synthesis

Regarding "Ethical Split on Cloning" (Oct. 27) by Gna Kolata: Cloning, only one of the many dilemmas posed by science for the future of the human race, brings to mind a conversation I was privileged to have many years ago with Aldous Huxley.

Justice Indeed

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Justice Indeed

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BOOKS

A HISTORY OF WARFARE

By John Keegan. Illustrated. 432 pages. \$27.50. Alfred A. Knopf. Reviewed by Christopher Lehmann-Haupt

SINCE making war seems to have been humankind's chief activity until now, any history of war is almost bound to be endless. How then has John Keegan, in his absorbing book, "A History of Warfare," succeeded in telling the whole grim story in a little more than 400 pages?

WHAT THEY'RE READING

Bligit Breuel, president of the Treubandanstalt, Germany's privatization authority, is reading "Die Deutschen vor ihrer Zukunft," by Christian Graf von Krockow. "It's about where West and East Germany stand today; how they will grow together and where we stand in Europe. Given the nature of my job, it's important that I read a lot of this kind of book."

horses to the stage where they could be ridden by warriors from the great steppe of Asia like the Huns, the Mongols and the Turks, who preyed on Europe from the 5th through the 13th centuries. To detail the horse's developing physical stature, he compares ninth-century B.C. relief carvings of Assyrian warriors sitting back on their mounts to carvings from a century later in which the riders are in the forward control position, implying that in the interval horses' backs had become stronger.

BRIDGE

By Alan Truscott

ONE of the most difficult areas of slam bidding is to determine when agreement on a trump suit should end in disagreement. If hearts have been bid and raised, for example, it is hard to adjust to the possibility that it could be right to play in spades, diamonds, clubs or no-trump. Some players never make that adjustment.

BRIDGE

By South. That might have been reached if North had chosen a cue-bid of three diamonds on the second round, but three hearts was normal and the fit in that suit was uncovered. The ideal contract was now ruled out, but Laurie Vogel of Manhattan, as South, found the way to reach the second-best contract. When her partner invited with five hearts she bid five no-trump, suggesting an alternative to hearts.

biologists, psychologists, ethnologists and anthropologists, he brings up Harry Turney-High's "Primitive Warfare" (1949), a deliberately provocative book by an American anthropologist exasperated by the ignorance of social scientists about the concrete aspects of military history.

Keegan, former senior lecturer at the Royal Military Academy, Sandhurst, and now defense editor of The Daily Telegraph, adds: "Turney-High was right; I constantly recall the look of disgust that passed over the face of a highly distinguished curator of one of the greatest collections of arms and armor in the world when I casually remarked to him that a common type of debris removed from the flesh of wounded men by surgeons in the gunpowder age was broken bone and teeth from neighbors in the ranks."

"A History of Warfare" is embedded with broken bone and teeth. And what finally is war in Keegan's view? He insists that Clausewitz was wrong in his famous dictum that "war is the continuation of political intercourse with the intermixing of other means."

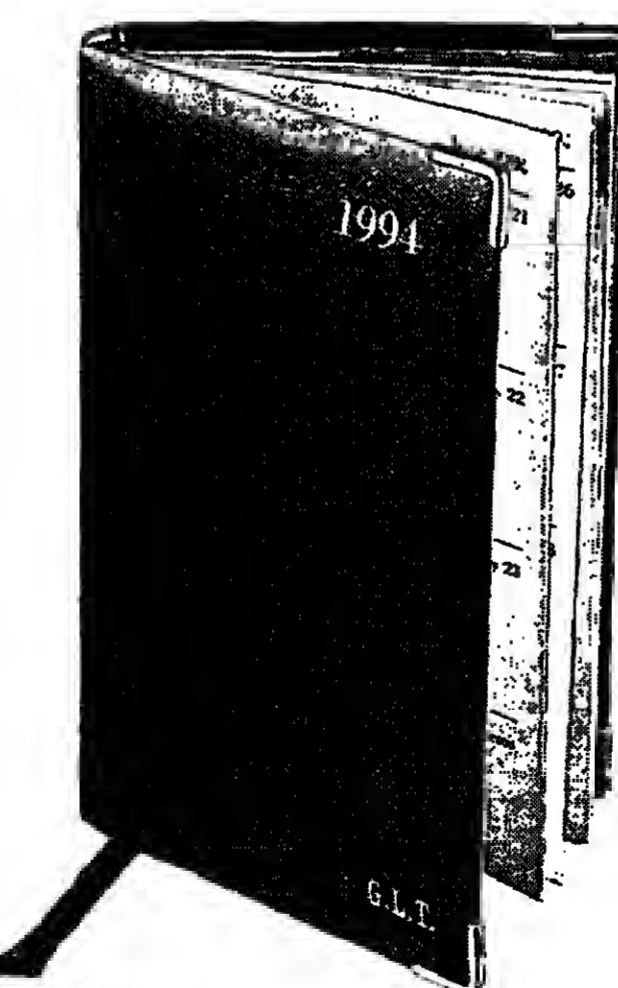
Clausewitz was a creature of the Enlightenment, he says, and could not have been aware of the Polynesian Easter Islanders or the warriors of the Zulu kingdom, of Mameluke Egypt or samurai Japan, all of which demonstrate, in Keegan's view, that war is something other than a continuation of politics.

He writes of Clausewitz: "Had his mind been furnished with just one extra intellectual dimension — and it was already a very sophisticated mind indeed — he might have been able to perceive that war embraces much more than politics; that it is always an expression of culture, often a determinant of cultural forms, in some societies the culture itself."

He writes persuasively that there is great wisdom "in the denial that politics and war belong within the same continuum." In fact, he concludes, "unless we insist on denying it, our future, like that of the last Easter Islanders, may belong to the men with bloodied hands."

Christopher Lehmann-Haupt is on the staff of The New York Times.

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Traveling With Kids: Be Prepared

By Barbara Rosen

B RUSSELS — After all those years of praying that the screaming baby in the departure lounge was on someone else's flight, the shoe is on the other foot. Infant in arms, you now pace the lounge praying that takeoff will coincide with feeding time. Will vacation ever again mean relaxation?

Traveling with tots is bound to have trying moments. But aggravation can be kept to a minimum if you follow the "don't assume" rule. Before reserving anything, ask every question that pops into your head. Many parents have struggled through an airport laden with child and carry-on because no one told them they could check the stroller, and get it back, at the gate.

Some parents find that package holidays make life simpler, offering, for example, medical help in the local language and the society of other people with kids. "But I don't think there's any reason not to travel independently either," says Sheila Sang, editor of "How to Have Stress-Free Family Holidays" (Bloomsbury, London).

If you plan to go independent, national tourism offices are a good place to start. While the child-related information at some consists mainly of brochures showing amusement parks, others are more useful. The Italian and Irish offices in Brussels, for example, have lists showing which hotels offer baby-sitting or are otherwise "family friendly."

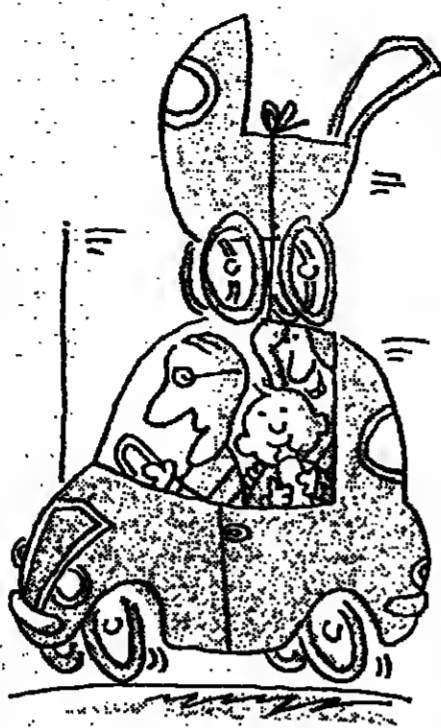
As for getting where you're going, here are a few hints:

ON THE ROAD Sang notes a dramatic improvement in British roadside service areas in recent years, with, for example, father-friendly baby-changing rooms. But in some continental countries, she warns, "the rest areas can be much more variable." So can the ease of finding them.

Calls to a sampling of automobile clubs and tourism offices easily produced information about highway-side stops with facilities like changing rooms and play areas in Britain, Germany and France, but not for Italy, Belgium, Spain or the Netherlands. One French map even shows stops with designated hostesses for children's needs; a German one shows where along the autobahn there are motels with baby beds.

If you've reserved a rental car through one of the big name international firms, don't assume you can also rent a child safety seat. A Hertz rental can come with child seat in the Czech Republic or Kazakhstan, but not in Slovakia, Turkey or Liechtenstein.

ON THE RAILS Many rail services offer child fares and discounts for people traveling with kids. British Rail's Family Rail Card lets two adults travel at a discount and take up to four kids at £1 (\$1.50) each. In Italy, children



all on trains in Italy or, for example, the Brussels-to-Rome Italia Express, according to Ferrovie dello Stato and Wagons-Lits.

IN THE AIR Children's international air fares are generally 10 percent of the adult fare for those under 2, and a higher proportion for older kids or any under-2s with a reserved seat. But there the generalities stop.

Some airlines now let children fly in an approved car seat strapped into an airplane seat. British Airways allows use of the seats for children aged 6 months to 3 years, even during takeoff, landing and turbulence. American Airlines, on its flights between Europe and the United States, allows only infant car seats, and only during smooth mid-flight. Virgin Atlantic Airways offers specially designed infant Passenger seats for children 6 months to 3 years.

All Sabena flights offer bassinets that are attached to a wall and can be used for a child under 2. On American Airlines flights to the United States, the only bassinets available go on the floor at your feet (unless the next seat is empty) and are usable only up to 1 month of age. If you're on a full flight from Madrid to Miami with your 18-month-old daughter, for whom you paid 10 percent of the adult fare, her place for 9½ hours is on your lap, says an American Airlines spokeswoman, Nathalie Cloarec-Toxi, in Paris.

Most airlines say they can always at least heat up a bottle and provide an emergency diaper. But don't bother looking for a changing table if you're flying a CSA Boeing 737 from Paris to Prague (1 hour, 25 minutes) or a Sabena 737 from Brussels to Istanbul (3 hours, 25 minutes). You will, however, find one aboard a LOT 737 between Brussels and Warsaw (1 hour, 50 minutes). A final word of warning. It is always better to make your needs known in advance, says Sang: "If you don't ask for something like a bassinet, you're not necessarily going to get it."

Barbara Rosen is a free-lance journalist living in Brussels.

THE ARTS GUIDE



Four lithographs by Alphonse Mucha, from the late 1890s, at the Barbican Gallery in London.

AUSTRIA Vienna Konzerthaus (tel: 712.46.96-01) Nov. 29 to Dec. 20: "Mozart Festival 93." Among the works to be performed are the "Church Sonata in D major," the "Missa Georges Pretre," and "Marriage of Figaro." Orchestras will include the Vienna Symphony Orchestra and the Czech Philharmonic.

FRANCE Paris Grand Palais (tel: 44.13.17.17) Continuing / To Jan. 5: "Nabis: Bonnard, Vuillard, Maurice Denis, Vallotton 1890-1900." Musée de la Seita (tel: 45.56.60.12) / To Dec. 4: "Ono Du: Watercolors, Drawings, Etchings." About 50 works on paper created between 1910 and 1930, including portraits and self-portraits as well as pieces inspired by the artistic community in Berlin where Dix lived in 1925. Musée Marmottan-Claude Monet (tel: 42.24.07.02) Continuing / To Dec. 31: "Homage aux Femmes impressionnistes." Musée d'Orsay (tel: 40.49.48.65) Continuing / To Jan. 2: "From Callot to Matisse: Masterpieces from the Barnes Foundation in Philadelphia."

GERMANY Berlin Martin-Gropius Bau (tel: 254.890) / To Dec. 12: "Japan and Europe: 1543-1929." More than 500 Japanese objects of artistic and scientific significance brought together from Japanese and German national collections. Cologne Josef-Haubrich-Kunsthalle (tel:

2.212.335) / To Jan. 2: "From Malevich to Kabakov: The Russian Avant-Garde in the 20th Century." Features 600 paintings, collages, drawings, gouaches and photographs from the pre-Revolution era to the post-Stalinist reaction, and explores the impact of the Russian artists on their Western European counterparts.

ISRAEL Jerusalem The Israel Museum (tel: 708.811) / To Nov. 15: "Picasso the Draughtsman." Over 100 drawings in a variety of techniques from the collection of Marina Picasso, the painter's granddaughter. To Jan. 4: Marc Chagall: Dreams and Drama. A collection of Chagall's early works done in Russia between 1908 and 1920, including the murals made for the Russian theater in Moscow along with sketches of sets and costumes.

JAPAN Tokyo Hara Museum (tel: 279.24.6585) / To Dec. 19: "Contemporary Art from Portugal: Western Lines." Paintings, drawings, sculptures and photographs by eight contemporary Portuguese artists, such as Pedro Cabrita Reis, Julio Sarmento and Paula Rego.

SINGAPORE Festival of Asian Performing Arts (tel: 371.7863 / 371.7824) / To Nov. 24: Twenty-five groups from Asia perform dance, music and theater productions. Included are two interpretations of Shakespeare by the Izumi School of Kyogen and the Shanghai Kun Opera Troupe.

UNITED STATES New York Guggenheim Museum (tel: 212.350.3555) Continuing / To Jan. 16: "Roy Lichtenstein Retrospective." Japan Society Gallery (tel: 212.715.1223) / To Nov. 14: "Kunisada's World." 160 works of art, including theatrical, beauty and warrior prints, and covers from the "Tale of Genji," paintings and drawings by Utagawa Kunisada (1786-1865). His work includes luxury print editions and line drawings executed for a rarefied circle and purely commercial works for the masses. Museum for African Art (tel: 212.966.1313) / To Jan. 7: "Face of the Gods." African art from four distinct traditions: Yoruba, Fon, Egham and Kongo. The exhibition focuses on African civilizations, culture and ritual in art-making and its impact in the New World.

DO'S AND DON'TS

One-Parent Family Trips Do seek advice. The British charity Holiday Care Service, for example, has a guide to one-parent-family vacations in the United Kingdom and abroad, complete with hotels and tour operators (Tel: 0293-774535).

Be Flexible Do be flexible. *Nouvelles Frontières*, for

example, doesn't want children under 12 on treks to Nepal or tours around Vietnam, although they are more than welcome for a sojourn in Greece or Morocco, a spokeswoman said.

Baggage Limits Don't assume that paying 10 percent for your infant entitles you to check 10 percent more baggage.

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AMEX

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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314 BIALAL	4.5	4.2	11.5	52.0	42.0	AMERICAN INTERNATIONAL GROUP	+
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Belgium	14,000	7,000	4,200
Denmark	3,400	1,700	1,050
Finland	2,400	1,200	700
France	1,950	975	590
Germany	700	350	210
Great Britain	210	105	65
Greece	75,000	37,500	22,500
India	250	125	75
Italy	900,000	450,000	270,000
Luxembourg	14,000	7,000	4,200
Netherlands	770	385	230
Norway	3,500	1,750	1,050
Portugal	47,000	23,500	14,100
Spain	48,000	24,000	14,400
Sweden (normal)	55,000	27,500	16,500
Sweden (hand delivery)	3,100	1,550	930
Switzerland	3,500	1,750	1,050
Rest of Europe, Africa, Middle East, France, Greece, Italy, Spain, Portugal, South America, Rest of Africa	630	315	190
	780	390	230
	980	490	290

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ASIA & THE PACIFIC Merging Business & the Environment

BANGKOK, DECEMBER 2-3, 1993

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DECEMBER 2

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John McKirdy, Operations Vice President - Manufacturing & Environment, Health and Safety, Dow Chemical Pacific Ltd., Hong Kong

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Chandran Nair, Managing Director, Environmental Resources Management, Hong Kong

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Philip Shenon, South East Asia Correspondent, The New York Times, Bangkok
Sutthichai Yoon, Editor-in-Chief, The Nation Publishing Group, Bangkok

FOLE TO FOLE
Michael Pulin, Writer, Actor, Circumnavigator and Author of "Pole to Pole" and "Around the World in 80 Days", London

SPECIAL ADDRESS
Sevit Bhotiwitok, Minister in Charge of Tourism and Energy, Prime Minister's Office, Thailand

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Chanin Douvanik, Founder Member, Asia Pacific Council of the International Hotels Environment Initiative
Geoffrey Lipman, President, World Travel & Tourism Council, Brussels
Thamnoon Wangler, President, Thai Airways International, Bangkok
Mingma Norbu Sherpa, WWF Country Representative for Nepal & Bhutan
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Doing Business with Confucius.



It's a well-known fact: some Asian countries are among the world's leading economies.

The success of the Confucian philosophy in the computer age.

Looking closer at the causes, one of the first things that springs to mind are the teachings of Confucius, dating from over 2,500

years ago - a school of thought which laid the groundwork for an unusually favorable economic environment.

The foundation for success has been built on an uncompromising recognition of competence, the importance of getting a good education, and especially the individual's profound feeling of being at one with both society and his employer.

It goes without saying that such strengths, which have evolved over generations, also involve duties. For in order to sustain the climate of harmony, each individual is expected to comply with various, and at times subtle, rules of behavior.

To take an example: those much-beloved and protracted business dinners are not designed primarily as a medium for business negotiations.

But by fostering a state of harmony and creating the correct atmosphere, they do help one successfully conduct business.

If in the course of negotiations you are confronted with a situation where you could in some way cause your counterpart to "lose

face," you should refrain from persisting even if you are clearly in the right. You can expect this demonstration of good will to be met with grateful recognition, even if none of those present openly show it.

By behaving in this way, you will have by no means lost influence. On the contrary, you will have shown that you have taken to heart the most important rule of conduct: in a dignified manner, always permit your counterpart to save face. And by doing so, you will also further your own interests.

Business in Asia requires patience and time. But once accepted, you'll always be accepted.

Dresdner Bank has been an active and respected member of the Asian business

scene for many years now, with nearly five hundred committed professionals - both western and eastern - serving customers with their experience and expertise.

Our customers know they can rely on us to help bring their interests into harmony with the various Asian markets, each with its own particular local business customs.

And yet, every day even we still learn something new.

That is how it should be. For, in the words of a Chinese proverb, continually striving to secure longterm success is more important than "quickly plucking a feather from a passing goose."

Striving for harmony as a formula for competitive success.



NYSE

Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

17 Month High Low Stock Day Year High Low

IBM	125.00	125.00	125.00	125.00
Microsoft	68.00	68.00	68.00	68.00
Apple	55.00	55.00	55.00	55.00
Oracle	45.00	45.00	45.00	45.00
Sun	35.00	35.00	35.00	35.00
Lucent	25.00	25.00	25.00	25.00
Motorola	15.00	15.00	15.00	15.00
Intel	10.00	10.00	10.00	10.00
AMD	8.00	8.00	8.00	8.00
NORTEL	7.00	7.00	7.00	7.00
3COM	6.00	6.00	6.00	6.00
AVAYA	5.00	5.00	5.00	5.00
HEWLETT	4.00	4.00	4.00	4.00
PERKINS	3.00	3.00	3.00	3.00
TELEPH	2.00	2.00	2.00	2.00
UNITED	1.50	1.50	1.50	1.50
WORLD	1.00	1.00	1.00	1.00
YAHOO	0.50	0.50	0.50	0.50

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JAPAN'S BEST TO THE WORLD

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BUSINESS

International Herald Tribune, Friday, November 5, 1993

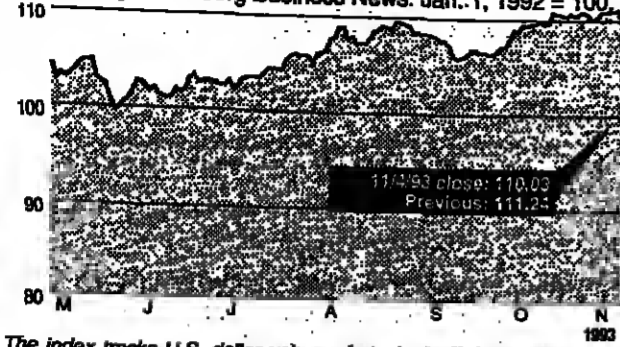
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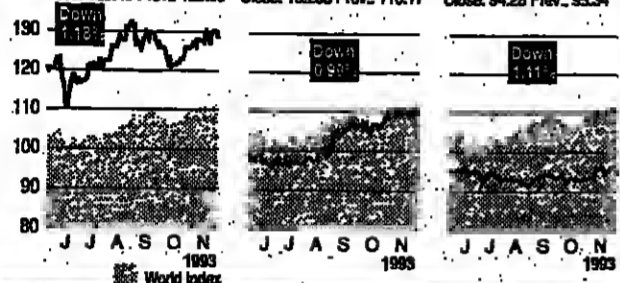
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International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific	Europe	N. America
Approx. weighting: 25%	Approx. weighting: 40%	Approx. weighting: 35%
Close: 128.48 Prev.: 129.89	Close: 100.08 Prev.: 110.17	Close: 94.28 Prev.: 95.34



Industrial Sectors

	This Close	Prev. Close	% Change		This Close	Prev. Close	% Change
Energy	109.33	109.22	+0.01	Capital Goods	104.78	106.73	-1.83
Utilities	114.94	118.96	-3.51	Raw Materials	106.05	106.76	-0.67
Finance	120.19	121.30	-0.92	Consumer Goods	92.57	93.46	-0.95
Services	118.56	120.57	-1.67	Miscellaneous	120.67	122.34	-1.37

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

Bond Markets Take Time Out Upturn in Interest Rates Also Chills Stock Prices

By Lawrence Malkin
International Herald Tribune

NEW YORK — Bond markets paused Thursday — not just for breath, but for serious reflection.

Investors and traders now seem to have concluded that the slide in U.S. interest rates has hit bottom. What they do next will have major implications for the stock market and for President Bill Clinton's economic recovery program.

The yield on the Treasury's 30-year bond jumped to 6.18 percent Thursday from 6.11 percent the previous day — a move that gave the levels of 7.5 percent that greeted the president at his inauguration in January, but sharply up from the historic low of 5.78 percent reached Oct. 16.

Those falling rates helped spur interest-rate-sensitive sectors of the economy such as housing and autos and produced a spurt of real growth — accompanied by fears that the Federal Reserve Board would tighten credit to combat inflation. Higher rates augur for a corresponding slowdown, and economists in Mr. Clinton's administration admit that low long-term rates are the only economic stimulus they have in the current deficit-cutting climate.

Analysts doubt that the Fed will move until it can determine whether the new taxes in the administration's deficit-cutting program slow the economy when they kick in next January. Nevertheless, fears of higher inflation, higher taxes, growth cut through financial markets Thursday like a chilly November wind. Blue-chip stocks extended Wednesday's 35-point drop in the Dow Jones industrial average, with the industrials down nearly 37 points at the close.

"We are in a period of transformation of assumptions about markets," Robert Walberg of MMS International said. "For months, traders have been operating on the belief that interest rates would fall. Now they wonder whether that operating assumption is any good any more."

He said he expected stock prices to complete a 20 percent correction by early 1994. He based his forecast on two bearish fundamental factors: the retreat in utility stock prices since the end of August and the low yield — currently 2.8 percent — on stocks in the Standard & Poor's 500 Index.

Many other analysts said it now seemed that money had moved to the sidelines at least for the present and perhaps until the new year. "For the bond markets," Robert Falconer of Aubrey Lanston & Co. said, "the burden of proof on whether to buy will rest in the statistics."

Bond traders, he said, will be looking at Friday's U.S. employment report for October to see how many jobs were created, especially in

See BONDS, Page 14

Akzo Weighs Purchase of Nobel

By Erik Ipsen
International Herald Tribune

LONDON — In a surprise announcement, Akzo NV, the Dutch chemical and pharmaceutical company, announced Thursday that it might purchase Nobel Industri AB, the debt-ridden Swedish specialty chemical concern.

Analysts expressed surprise that Akzo, which has been aggressively trimming its operations in recent years, should be interested in what many said amounted to a major acquisition.

Doubtly puzzling was Akzo's choice of candidates.

"This is a company that comes with lead weights tied firmly around its ankles," said Martin Glen, an analyst with Lehman Brothers in London.

Nobel had a 1992 revenue of 21.5 billion kronor (\$2.65 billion), but has debts of 12 billion kronor. Akzo had a 1992 revenue of 16.3 billion guilders (\$8.8 billion).

Akzo's share price was up 5.3 guilders Thursday in Amsterdam on the news of the prospective transaction, closing at 199.5 guilders.

An Akzo spokesman said further details about the possible deal would be released Monday at simultaneous press conferences in Amsterdam and Stockholm.

Nobel Industri was formed in 1984 through the merger of Bofors and KemaNobel. The history of Bofors, an arms manufacturer, dates back to the 16th century, while KemaNobel was the parent company of NitroNobel, the dynamic producing company started in 1873 by Alfred Nobel.

Observers agreed that while the purchase of Nobel would be a surprise, it would offer Akzo some potentially lucrative opportunities.

If the two merged all their operations, a company would be born with combined annual sales of more than \$7 billion and more than 82,500 employees.

"If you go through Akzo's and Nobel's businesses you see a lot of overlaps in both products and markets," said Shaw Bridges, an analyst with Merrill Lynch.

Eliminating those overlaps, in everything from production to marketing, could enhance the prof-

itability of the combined companies, analysts said.

Among other things, the combined concern would become the world's largest manufacturer of paint, surpassing Britain's Imperial Chemicals Industries PLC. It is that part of Nobel that analysts said would constitute the real prize for Akzo.

Nobel's paint division accounted for about one-third of its 1992 sales.

One of the more peculiar aspects of the deal is that Akzo, if it purchased all of Nobel, would be buying back the paper chemical business that it sold to Nobel in June.

That sale was part of Akzo's effort to refocus on its principal activities. "It seems to be a pretty odd situation to sell a company in June and then get the whole thing back five months later," said Mr. Glen of Lehman Brothers.

Analysts said that because of Nobel's considerable debts, the selling price would have to be low for Akzo to be interested.

"I would assume that they would have to get Nobel for nothing to take on that much debt," said Pen-

ny Tattersall, an analyst with Barclays de Zoete Wedd.

Many observers said that Nobel's debt, which represents more than 100 percent of its asset value, could prove a major stumbling block to the deal. Some suggested that the Swedish government, which owns 71 percent of Nobel's voting shares, might have to take on some of the debt if it wanted to get out of the chemicals business.

The government took on Nobel in 1991 after the company's largest shareholder, the Swedish financier Eric Penser, declared bankruptcy. Mr. Penser had pledged his Nobel shares as collateral for a loan from the state-owned Nordbanken.

Last year, Nordbanken turned over its failed credits to a new government-owned entity, Securum AB, as part of a bailout of the bank. For Securum, the effective sale of Nobel, its largest single holding, would represent a major step toward fulfilling its mandate of liquidating its assets.

Analysts said acquisition of Nobel would leave Akzo holding a number of businesses that it would probably want to quickly sell off.

Is IBM's New Track the 'Right' One?

By Steve Lohr
New York Times Service

NEW YORK — After seven months on the job, Louis V. Gerstner Jr., the chairman of IBM, issued an assessment along with the company's financial results for the third quarter.

"I am confident IBM is on the right track," he said.

Many investors apparently share that confidence, bidding up the price of International Business Machines Corp.'s shares by 7.8 percent since the company reported a smaller-than-expected loss last week.

On Thursday, the stock fell \$1.125 to \$49.625 in late trading. On Tuesday, the had stock jumped \$3 after a long-time critic of IBM, Lufkin & Lentine, upgraded his rating to "very attractive" from his previous "neutral" designation.

But investor confidence does not change many experts' view that the "track" Mr. Gerstner has chosen for IBM may be the riskiest of gambles, no less nervy despite their seeming to be nothing radical about it. For he is attempting to revive the troubled computer company not through radical changes but mainly by running it better — with smarter management and more cost cutting.

It may seem a conservative approach. But given the company's straits, there is no course of caution any more at IBM.

"There's a real risk that the bottom falls out at IBM over the next year or two," said Steven M. Milunovich of Morgan Stanley & Co.

Mr. Milunovich is not predicting catastrophe for IBM. But he does say that the dangers IBM faces outweigh the chances of a robust recovery anytime soon.

The "real risk" he mentions is that the company's revenues could slide as it proves unable to replace its eroding mainframe and minicomputer business with new sources of growth.

In short, anyone who thinks that because the company's stock-price is still about half the \$100-a-share level it reached in the summer of 1992, IBM now has only "upside potential," in Wall Street parlance, should think again.

The Gerstner game plan is a wholehearted embrace of the most fashionable trend in American management, known as "re-engineering," a business concept with its own best-seller, "Re-engineering the Corporation," by Michael Hammer and James Champy. It means looking at a company's business processes — in marketing, manufacturing, product development and so on — and overhauling them top-

down. This is the philosophy that has helped Wal-Mart and Home Depot to become retailing and hardware superpowers.

See IBM, Page 15

Thinking Ahead

EC Can't Hide Its German Giant

By Reginald Dale
International Herald Tribune

WASHINGTON — "A European Germany, not a German Europe." That mantra, endlessly chanted by their country's leaders to calm fears over their country's unification, is beginning to wear thin.

In Germany itself, even Chancellor Helmut Kohl's political allies are beginning to criticize his ambitious plans for a federal Europe.

And Germany's European Community partners are now openly bowing to the inevitability of German dominance.

By weekly acquiescing in German demands that the Community's fledgling central bank be based in Frankfurt, it is ironically the EC itself that has reversed the German slogan: Rather than insist on a European Germany, the EC has shown itself unwilling or unable to resist a German Europe.

In every aspect of European economic and monetary policy, Germany — or more precisely the Bundesbank — is getting its way.

Europe has grown used to watching the Bundesbank slung off appeals for cuts in interest rates to alleviate continentwide recession and unemployment.

But the Bundesbank has really come into its own since last summer's collapse of the European exchange-rate mechanism — which of course it largely precipitated itself.

The Bundesbank now has the best of all possible worlds. It is once again free to run German monetary policy as it wants without other countries, especially France, trying to interfere.

And with wide fluctuations of exchange rates now permitted in the ERM, the Bundesbank is relieved from any pressure to support currencies it would rather see devalued.

But, miraculously, even though their currencies are longer tightly linked to the mark, the other ERM countries are still largely following Bundesbank policies — by their own choice. They are still keeping their exchange rates relatively close together, and their interest rates higher than they should be.

What the Bundesbank has long wanted, in the words of Brendan Brown, chief economist at Mitsubishi Finance International in London, is this: "a

semifixed, semiflexible exchange rate system in the EC — flexible enough to allow German monetary policy to be reasonably free from external constraint, but fixed enough to prevent important trading partners engaging in competitive devaluations, which would be detrimental to German industry."

That is a virtually perfect description of what the Bundesbank has now helped to bring about.

Even France now concedes that the German vision of economic and monetary union has triumphed over its own. The currency crises of the past year have blown apart the Maastricht Treaty's uneasy compromise, in which German demands for economic convergence were given the same priority as France's traditional insistence on moves to monetary union.

Now everybody, including France, accepts the Bundesbank's view that economic convergence must precede new moves to link exchange rates. And despite the ravages of recession and unemployment, most governments also accept that convergence means Bundesbank-style policies of low inflation and monetary discipline.

It is clear that Germany will decide when convergence has gone far enough for monetary union to resume. There is now no doubt that monetary union will take place on German

terms or not at all.

The irony is that opponents of monetary union, particularly in Britain, have long argued against it on the grounds that it would be German-dominated. But the derauling of the monetary-union plans has done nothing to reduce German dominance.

The truth is that since the currency upheavals, the influence of the other EC countries over the Bundesbank has declined, but the Bundesbank's influence over the European economy has not.

Which suggests that on at least one fundamental point, the French have been right all along. If the other countries want a say in the running of Europe's economic and monetary policies, they must build institutions in which their voices carry equal weight to that of the Bundesbank.

The place to begin is the European Monetary Institute, which starts work in January. Unfortunately, by agreeing to put the EMU in the Bundesbank's backyard in Frankfurt, the others have made their task much harder.

Boeing Moves to Gain Military Orders

Compiled by Our Staff From Dispatches

Delta Air Lines said Thursday it had reached understandings with Boeing Co. and McDonnell Douglas Corp. to delay delivery of 32 jets valued at about \$1 billion. The move seemed likely to intensify competition between the two U.S. aerospace companies for military and defense orders.

Delta, based in Atlanta, said the planes had been scheduled for delivery in its 1995 and 1996 financial years, which end in June. The airline, which said it had not yet received definitive agreements with Boeing and McDonnell on the postponement, said the move would save it about \$1 billion in capital spending through 1996.

The outback by the airline is in addition to its previously announced plan to cut spending on aircraft by \$3.4 billion in 1993-96.

In a potential response to this weakness in commercial-airline orders, Boeing Defense & Space Corp. announced Thursday in Seattle that it had been working on a low-cost multiple role aircraft that could be used by all the U.S. military services.

The aircraft would be "what we think is the fighter of the future," Peri Widener, spokeswoman for the Defense & Space Corp., said. "It would be very small, very lightweight and very low cost."

The announcement of the plane, which even-

tually could represent new competition for Lockheed Corp.'s F-16 as well as McDonnell Douglas's AV-8B and F-18 planes after 2015, was an unexpected development, according to some in the aerospace industry.

"I'm surprised to see this from Boeing," said Bill Dane, senior aerospace analyst at Forecast International.

"I'm surprised to see this from Boeing. It has been decades since they actually made a fighter."

Bill Dane, senior aerospace analyst at the research firm Forecast International

International, a Connecticut research firm. "It has been decades since they actually made a fighter."

Boeing said it had been working on the fighter concept for about two years with help from the Pentagon's Advanced Research Projects Agency. The cost and size of the plane, as well as its name, have not been disclosed yet, and Boeing did not say where it would be built.

"They're breaking new ground," Bert Co-

per, aircraft analyst for the Congressional Research Service, said. "Although anything is possible in the concept stage, technologically it may not make sense."

A plane for all services may not make sense to the military, either. The services haven't been able to cooperate on a joint plane in the past, and their different needs and attitudes may not have changed.

"Multiservice airplanes traditionally don't do well at all," Mr. Dane said.

But Ms. Widener of the Boeing defense unit insisted: "It's a practical idea, and it's a good idea. It's based on recent technology advancements and some real strides in production techniques."

Its entry into the field may also have surprised McDonnell Douglas and Lockheed, who were expected to have to jockey with each other for most future military-plane production work.

Boeing had earnings of \$940 million, or \$2.77 a share, in the nine months ended Sept. 30, down from \$1.2 billion, or \$3.52 a share, in the 1992 period. Revenue from its defense and space unit fell to \$3.3 billion from \$4.1 billion.

Separately, the president of Boeing's commercial airplane group, Dean Thornton, said in Seattle that Boeing might be able to launch its next-generation 737-X jetliner by the end of the year. (Bloomberg, Reuters, Knight-Ridder)

Europe Firms Study Building Military Plane

Compiled by Our Staff From Dispatches

PARIS — Eight European countries are to start studying the feasibility of building a large military transport aircraft, according to a statement on Thursday by Euroflap, which groups five of Europe's aerospace companies.

The European Future Large Aircraft Group, or Euroflap, which was formed to look into developing large aircraft, said the eight governments signed an accord on Oct. 27 for the companies to study the feasibility of such a project. It will start studies in early 1994.

Euroflap comprises Aérospatiale of France, British Aerospace PLC, Deutsche Aerospace AG, CASA of Spain and Alenia SpA of Italy. The three associated partners are the aerospace concerns of Belgium, Portugal and Turkey. (Bloomberg, Reuters)

Cox in Cable-Deal Talks With Southwestern Bell

Bloomberg Business News

ATLANTA — Cox Enterprises Inc. and Southwestern Bell Corp. are negotiating to form a multi-billion-dollar cable television alliance, Cox officials said Thursday.

The privately held media conglomerate, which operates the sixth-largest U.S. cable system, also said it was holding joint-venture talks with each of the six other regional Bell operating companies, plus GTE Corp., AT&T and MCI Communications Corp.

"Admittedly, we continue to talk

with a variety of companies about joint ventures, including Southwestern Bell, all the other Baby Bells, GTE and several long distance operators," said a Cox spokesman, David Andersen. "But, there is no current agreement."

But according to investment bankers close to the talks, Cox and Southwestern Bell are near an agreement to pool their cable holdings and spin off the combined business in a publicly held concern.

Southwestern Bell would invest more than \$1 billion in the company, which would be the fifth-biggest U.S. cable operator, with more than 2 million subscribers, assuming pending acquisitions are completed.

A Cox-Southwestern Bell alliance would be the latest in a recent string of joint ventures combining telephone and cable businesses.

Last month, Bell Atlantic Corp. agreed to a \$2.14 billion merger with Tele-Communications Inc., the biggest U.S. cable operator.

Creating a new company would enable Cox to keep the bulk of its holdings private. Cox has revenue of more than \$3 billion and is one of the largest private U.S. businesses.

News of the deal was first reported Thursday in the Atlanta Journal-Constitution. Cox's flagship newspaper, Mr. Andersen called that report "erroneous because no agreement has been reached."

"It's no surprise that Cox is in talks with all the Baby Bells and AT&T and MCI, and so on, because its cable properties are so attractive," said Stuart Rossmiller, an analyst at Fitch Investors Service. "I'd have to believe that Southwestern Bell is the leading candidate because the two companies have close ties."

In March, Cox and Southwestern agreed to jointly operate a \$300 million cable television and telephone business in Britain.

CURRENCY & INTEREST RATES

Cross Rates				Eurocurrency Deposits						Key Money Rates			
	\$	D.M.	F.F.	10%	5%	3%	1%	30-day	90-day	180-day	1%	2%	3%
Amersterdam	1.685	2.015	1.920	1.820	1.710	1.520	1.450	1.250	1.150	1.050	4.00	4.00	4.00
Berlin	3.40	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
Frankfurt	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
London (ex)	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
Madrid	155.26	200.05	200.05	200.05	200.05	200.05	200.05	200.05	200.05	200.05	4.00	4.00	4.00
Milan	144.75	232.27	232.27	232.27	232.27	232.27	232.27	232.27	232.27	232.27	4.00	4.00	4.00
New York (ex)	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
Paris	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
Tokyo	162.70	197.2	197.2	197.2	197.2	197.2	197.2	197.2	197.2	197.2	4.00	4.00	4.00
Yokohama	162.70	197.2	197.2	197.2	197.2	197.2	197.2	197.2	197.2	197.2	4.00	4.00	4.00
Zurich	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
1/1000	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00
1/100	1.685	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	4.00	4.00	4.00

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SINCE 1735 THERE HAS
NEVER BEEN A QUARTZ BLANCPAIN WATCH.
AND THERE NEVER WILL BE.

MARKET DIARY

Dollar Bulls Await U.S. Payroll Data

Compiled by Our Staff from Dispatches NEW YORK — The dollar maintained a firm tone on Thursday as investors moved into the market ahead of key U.S. non-farm payroll data due on Friday, dealers said. The U.S. unit rose to close at 1.6957 Deutsche marks, up from its close of 1.6890 DM on Wednesday and climbed to 108.155 yen from 107.67 yen as much of the market squared positions ahead of the figures. Sentiment was widely bullish that they would add to the chain of recent data pointing to a stronger U.S. economy. "No one wants to go into the data shroud," said Ian Gunner, a currency analyst at Chase Manhattan. The dollar was underpinned further when U.S. Treasury Secretary Lloyd Bentsen said Thursday that U.S. economic growth in the fourth quarter would be above 3 percent. It grew 2.8 percent in the third quarter. Some dealers said that strong employment data could propel the dollar toward the barrier of 1.72 DM next week. But other traders feared that expectations of bullish data were too widespread in the market and could lead to disappointment. "The dangerous aspect about the dollar's rise is that almost everyone is positive on it," said Alan Ruskin, senior analyst at IDEA. "That could mean that if the data tomorrow does not come out as expected, then we could see a sharp sell-off." Traders said that the decision by the Bundesbank to leave rates unchanged had been widely expected, but that the yen had been sold off due to concerns about sharp falls on the Tokyo stock exchange. Against other major currencies, the dollar rose to 1.5015 Swiss francs from 1.4975 francs while it stayed nearly unchanged at 5.4005 French francs. (AFX Reuters, Bloomberg)

BONDS: Are Low Rates Gone?

Continued from Page 13 manufacturing, and at consumer price inflation figures next week, and finally at growth in the new year. How will this affect stocks? Statistical analysis shows a tenuous relationship at best between bond and stock prices; but this time, market analysts say, things are both different and decidedly bearish. "The whole source of demand in stocks this year has come from money flowing into the market desperately seeking higher returns as interest rates fell, especially by individual buyers of mutual funds," Michael Metz, chief investment strategist at Oppenheimer & Co., said. "If you jettison that flow of money, the effect on markets is lethal. In my view, the bull market is over." But Mickey Levy of NationsBank was not so sure. He said he still saw the combination of moder-

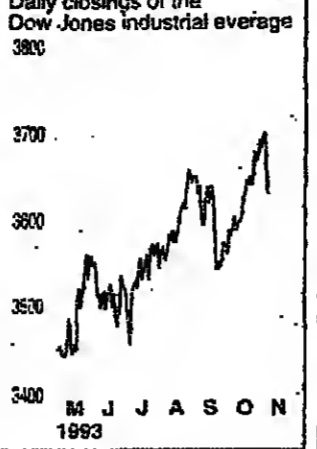
EUROPE: Second Thoughts About Job Cuts as Labor Unrest Spreads

Continued from Page 1 technology will bring new opportunities and new jobs. Some executives warn that European companies, in the rush toward downsizing, streamlining and reorganizing, have been diverted from thinking about new products and services that could provide new employment opportunities. These restructuring activities, they say, may be heading their

WORLD STOCK MARKETS

Table with columns for various stock markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Singapore, Stockholm, Tokyo, Toronto, and Zurich. Each market listing includes indices like S&P 500, Dow Jones, Nikkei, and local market indices, along with their respective values and changes.

The Dow



NYSE Most Actives

Table listing the most active stocks on the NYSE, including companies like American Express, IBM, and Microsoft, along with their trading volumes and price changes.

NYSE Diary

Table providing a daily diary of the NYSE, including information on market volume, new highs, and new lows.

NASDAQ Diary

Table providing a daily diary of the NASDAQ, including information on market volume, new highs, and new lows.

Dow Jones Averages

Table showing various Dow Jones averages such as Industrial, Chemical, and Utility indices, along with their current values and changes.

NYSE Indexes

Table listing various NYSE indexes and their corresponding values and changes.

NASDAQ Indexes

Table listing various NASDAQ indexes and their corresponding values and changes.

AMEX Stock Index

Table showing the AMEX stock index and its current value and change.

Dow Jones Bond Averages

Table showing various Dow Jones bond averages, including government and corporate bonds, along with their yields and prices.

Market Sales

Table providing information on market sales, including volume and value for different market segments.

N.Y.S.E. Odd-Lot Trading

Table showing odd-lot trading data for the NYSE, including volume and value for different stock categories.

S&P 100 Index Options

Table listing S&P 100 index options, including call and put options, along with their prices and implied volatilities.

EUROPEAN FUTURES

Table showing European futures contracts for various commodities like wheat, corn, and soybeans, along with their prices and changes.

Metals

Table listing various metals futures contracts, including aluminum, copper, and nickel, along with their prices and changes.

Financial

Table showing financial futures contracts, including interest rate and currency futures, along with their prices and changes.

U.S. FUTURES

Table showing U.S. futures contracts for various commodities and financial instruments, along with their prices and changes.

Grains

Table listing various grain futures contracts, including wheat, corn, and soybeans, along with their prices and changes.

Live Stock

Table showing live stock futures contracts, including cattle and hogs, along with their prices and changes.

Food

Table listing various food futures contracts, including sugar, coffee, and cocoa, along with their prices and changes.

Commodity Indexes

Table showing commodity indexes for various categories, along with their values and changes.

GERMAN GOVERNMENT BOND (LIFFE)

Table showing German government bond futures contracts, along with their prices and changes.

Industrials

Table listing various industrial futures contracts, including metals and energy, along with their prices and changes.

Stock Indexes

Table showing stock indexes for various European countries, along with their values and changes.

Dividends

Table listing dividends for various European stocks, including the company name, dividend amount, and ex-dividend date.

WHEAT (CBOT)

Table showing wheat futures contracts from the CBOT, along with their prices and changes.

CORN (CBOT)

Table showing corn futures contracts from the CBOT, along with their prices and changes.

SOYBEANS (CBOT)

Table showing soybean futures contracts from the CBOT, along with their prices and changes.

SOYBEAN MEAL (CBOT)

Table showing soybean meal futures contracts from the CBOT, along with their prices and changes.

U.S. Factory Orders Show 0.7% Rise

WASHINGTON (Reuters) — Orders received by American factories rose for a second straight month in September, and shipments of finished products hit record levels, the Commerce Department said Thursday. The 0.7 percent increase in September orders to a seasonally adjusted \$255.2 billion followed an upward-revised 1.2 percent gain in August. Orders in the four months from June through September were up by 1.4 percent to \$260.2 billion, the highest on record. But unfilled orders were down by 1.1 percent in September. In a separate report on Thursday, the Labor Department said 10,000 fewer people filed claims for unemployment benefits in the final week of October than a week earlier.

Nynex to Sell Part of AGS Computers

WHITE PLAINS, New York (Bloomberg) — Nynex Corp., a regional Bell operating company, said Thursday it would sell its information services business, AGS Computers Inc., to Keane Inc., a developer of information systems. The sale is part of Nynex's plan to focus on emerging growth opportunities in the telecommunications business. This year, Nynex sold BIS Group Ltd., a London-based information services company, to ACT Group Plc. On Tuesday, Nynex signed a letter of intent to sell Systems Strategies Inc., which provides computer software. As a result of leaving the information services business, Nynex said it will record an after-tax fourth-quarter charge of \$250 million to \$275 million. It said the sale to Keane, along with the previously disclosed sale of BIS Group, should raise about \$300 million.

U.S. Sets Up Russia Enterprise Fund

MOSCOW (WP) — U.S. officials announced Thursday the establishment of a \$340 million fund that will invest in small and medium-sized businesses in Russia to help support the transition here to capitalism. The Russian-American Enterprise Fund, while established by Congress and using public money, will operate as a private, not-for-profit enterprise supporting recently privatized companies. E. Gerald Corrigan, the former Federal Reserve Board chairman in New York who will head the fund, said it will provide loans and technical assistance to Russian concerns, but its chief focus will be direct investments in promising companies.

WPP to Sell Scali, Mercedes's Agency

NEW YORK (Combined Dispatches) — WPP Group PLC said Thursday that it was selling the New York advertising agency Scali, McCabe, Sloves Inc., whose price account is Mercedes-Benz of North America, in a long-delayed, closely watched deal. The Lowe Group, a subsidiary of the Interpublic Group of Companies Inc., is to buy Scali for \$55.5 million. WPP, the world's largest advertising company, acquired an 80 percent stake in Scali when it bought Ogilvy & Mather for \$865 million in 1989. The sale is for \$34.9 million in cash and assumed debts, \$8 million in future payments and the assumption of \$12.6 million in liabilities such as pension payments. (NYT, AP)

For the Record

Campbell Soup Co. will form a joint venture with Nakanu Vinegar Co. Ltd. to market Campbell soups in Japan. (Reuters) Mobil Corp., citing poor immediate prospects for commercialization of solar power, said it plans to shut its solar-research program and demonstration facility in Billerica, Massachusetts. (UPI) The Chicago Mercantile Exchange announced a restructuring of the electronic-trading firm Globex, which could mean a severing of the joint venture between the exchange and the Chicago Board of Trade. (Bloomberg) Kemper Corp.'s third-quarter profit from continuing operations surged 51 percent, to \$32.8 million from \$21.7 million a year earlier. (Bloomberg)



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EUROPE

BP Net Doubled in 3d Quarter Margins Improve in Marketing and Refining

Compiled by Our Staff From Dispatches

LONDON — British Petroleum Co. said Thursday that its net profit based on replacement cost for the third quarter nearly doubled to £332 million (\$491 million) from £172 million in the same period last year due to higher margins in marketing and refining, the stronger dollar, cost-cutting and changes in British taxation laws.

Analysts had widely expected a figure of roughly £250 million and the better-than-expected results caused the company's share to surge 11 pence on the London exchange to 337 pence.

"There is fundamental improvement in our operations and this is important to us," said David Simon, the company's chief executive. "The last quarter's results need to be sustained, but even after taking out the currency and tax gains, we are on track to reach the financial targets we set."

Last year the company slashed its dividend and lost Robert Horton, its chairman and chief executive, as financial difficulties mounted and the share price collapsed.

In an industry where the value of inventory changes rapidly, replacement cost profit values the company's inventory at the amount of

money it would have taken to replace them on the last day of the quarter. On the basis of historic cost, which values inventories at what they cost to buy, the company reported that net income rose 75 percent to £205 million for the third quarter.

The company also said it would pay an interim dividend of 2.1 pence per share, unchanged from a year earlier.

For the first nine months, the company's replacement cost profit

totalled £842 million, compared with a loss of £545 million last year. Results on a basis of historic cost swung to a profit of £712 million from a loss of £594 million.

The company said it had been able to reduce its debt during the reporting period by \$1 billion to \$1.3 billion as a result of improved cash flow and proceeds from sales of subsidiaries.

Oil production in the quarter averaged 1.223 million barrels per day, down from 1.313 million barrels last year, while gas production jumped to 894 million cubic feet per day from 582 million.

The refining and marketing division, which improved profits by 215 percent to £590 million, will continue to benefit from a cut in costs, though the outlook for profit margins remained "depressed" in the United States, the company said.

The chemicals division posted an operating loss in the quarter of £16 million due to a weaker market in Europe for ethylene and certain derivatives.

Mr. Simon noted that U.S. investors have invested heavily in British Petroleum and have increased their stake from about 6 percent to 27 percent over the past 15 months.

(AFX, Reuters, Bloomberg)

KLM Shows 20% Rise In Quarter

Bloomberg Business News

AMSTERDAM — KLM Royal Dutch Airlines' net profit for the second quarter increased 20 percent to 204 million guilders (\$107 million) from 170 million a year earlier, pleasing investors as KLM stock rose Thursday on the Dutch exchange.

The airline said it expected profit margins to improve in the second half, but warned that full-year results might be at best "marginally positive" because of concessions made on pension premiums.

For the first six months of the year ending March 1994, net profit rose to 245 million guilders from 208 million guilders.

KLM shares on the Dutch exchange traded at 43.45 guilders, up 2 guilders.

The airline said it expected operating margins to improve in the second half. But it said it still expected a net loss for the second half because of the "seasonal character" of the airline industry.

Philips Remains Wary Despite Return to Profit

Compiled by Our Staff From Dispatches

EINDHOVEN, the Netherlands — Philips Electronics NV, Europe's largest electronics group, reported on Thursday a return to profit in its third quarter but warned that its markets remained weak and declined to forecast earnings for the full year.

Sharp cuts in its interest bill and a lower tax burden helped Philips make a 133 million guilder (\$50 million) quarterly net profit after a 139 million guilder loss last year. "Anybody who starts forecasting in today's economic environment is guessing very, very wildly," said the company's finance director and vice president, Dudley Eastace.

"The largest benefit comes from a lower cost of money and a lower tax burden," he added, commenting on a jump in net income from normal operations in the first nine months to 353 million guilders from 102 million guilders.

But Philips suffered sustained pressure in its main lighting and

consumer electronics sectors, particularly in Europe.

"I am rather glad that the spread of our operations is worldwide," Mr. Eastace said. "If we were totally dependent on Europe, it would be a disaster."

He expected European economies to continue their poor performance at least until the second half of 1994, curbing demand for consumer electronic products.

He said Philips would use a windfall profit from a share issue by its music subsidiary PolyGram NV for further provisions of 400 million guilders to cover any losses on future investments.

Analysis had expected third-quarter profits of around 100 million guilders and Philips shares rose 1 guilder to 41.40 after the results were released Thursday.

Operating profit rose for the first time since the first quarter of 1992 to 560 million guilders from 345 million in the third quarter last year.

(Reuters, Bloomberg, AFX)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2100	3200	2300
2000	3100	2200
1900	3000	2100
1800	2900	2000
1700	2800	1900
1600	2700	1800
1500	2600	1700
1400	2500	1600
1300	2400	1500
1200	2300	1400
1100	2200	1300
1000	2100	1200
900	2000	1100
800	1900	1000
700	1800	900
600	1700	800
500	1600	700
400	1500	600
300	1400	500
200	1300	400
100	1200	300
0	1100	200

Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	CBS Trans	139.50	140.00	-0.36
Brussels	Stock Index	7,084.26	7,091.98	-0.11
Frankfurt	DAX	2,062.61	2,064.36	-1.04
Frankfurt	FAZ	795.88	803.70	-0.97
Helsinki	HEX	1,596.70	1,607.73	-1.08
London	Financial Times 30	2,375.90	2,363.80	-0.52
London	FTSE 100	3,149.00	3,162.30	-0.42
Madrid	General Index	306.89	307.47	-0.19
Milan	MIB	1,252.00	1,276.00	-1.88
Paris	CAC 40	2,135.97	2,171.16	-1.62
Stockholm	Afaersvaerden	1,716.59	1,728.19	-0.67
Vienna	Stock Index	457.48	462.00	-1.00
Zurich	SBS	926.67	937.60	-1.17

Sources: Reuters, AFP

Paris May Set A Date for Renault Sale

Reuters

PARIS — The French government said Thursday that it might fix a date for the privatization of Renault after Volvo AB shareholders angrily criticized a deal that would merge the two carmakers from 1994.

But Paris was adamant over the other main concern of Volvo shareholders; the so-called golden share that France will retain after Renault-Volvo is privatized.

A spokesman for Trade Minister Gerard Longuet said that the minister had told Swedish television Wednesday that he would think about specifying a privatization date for Renault before Volvo shareholders' vote on the merger at a meeting planned for Dec. 7.

"The government said it could clarify the period of the privatization," he said.

British Telecom Wary on Payout

Compiled by Our Staff From Dispatches

LONDON — British Telecommunications PLC, the most highly valued company on the London stock exchange, said Thursday that it would reexamine its dividend policy because of inflation and competition.

The company's share fell 8 pence Thursday to close at 468 pence.

Pre-tax profit in the six months ended Sept. 30 rose 46 percent to £1.5 billion (\$2.22 billion) from £1.027 billion a year earlier, but the company said that stripping out the impact of redundancy payments and disposal of the underlying business was only 2.6 percent. The dividend was lifted to 6.65 pence from 6.15 pence.

The company also said that pre-tax profit had risen 72.4 percent from a year earlier in the second quarter, which ended on Sept. 30, to £743 million. The surge occurred largely because the group took a lower charge for its job-shedding program and because revenue from phone service had risen.

"Future dividend policy will need more than ever to take account of continuing low inflation,

U.K. Water Shares Weaken

Compiled by Our Staff From Dispatches

LONDON — Shares of British water companies weakened Thursday after British regulators published a report outlining stricter price controls for after 1995.

Jan Byatt, Britain's chief regulator, said that "maintaining the viability of the companies does not require the same expectation of profit as was necessary to float them."

He added that price increases should be allowed only for new quality or environmental standards.

Anglian Water PLC fell 11 pence to 514 pence, North West Water PLC eased 16 pence (22.5 cents) to 525, and Severn Trent PLC slipped 10 pence to 548.

harsher regulation, tougher competition and emerging long-term investment needs and opportunities," said Chairman Iain Vallance.

Demand for British Telecom's products and services continued to show encouraging signs of growth in the first half, he said, although Managing Director Michael Hepler noted that market share had shrunk again as competitors gained ground.

Revenue in the first half rose 3.5 percent to £6.76 billion with sales from domestic telephone traffic ris-

IBM: Is New Track the Right One?

Continued from Page 13

to-bottom for speed, efficiency and customer satisfaction.

A big-company enthusiast, Mr. Gerstner has said he plans to hold the company together, still offering a smorgasbord of computer wares from mainframes to microchips, software to consultant services.

The result, he hopes, will be synergy, growth and profits. He is making an across-the-board bet on IBM's future rather than putting all his chips on a few key products, technologies or markets. In effect, Mr. Gerstner is re-engineering IBM, but not reinventing it.

And Mr. Milunovich, among others, has doubts that cost-cutting and re-engineering will be enough to turn IBM around.

"The company has to stop trying to be all things to all people," he said. "It has to make big bets."

IBM is no stranger to big bets. In 1964, when the company introduced its System 360 series of mainframe computers, Fortune magazine called it a \$3 billion gamble and possibly the "riskiest business judgment of modern times." The enormous success and profit-

ability of the 360 models, and the follow-on generations of mainframes, are what bankrolled IBM's moves into other products, like minicomputers, a domain in which it entered typically late but eventually prospered thanks to deep pockets and market power.

Intel Corp. is the classic case of the big-bet formula for recovery in a fast-moving, high-technology business. In 1986, Intel was in trouble, losing money and making commodity memory chips. It abandoned that business and bet its future on the microprocessor, the computer-on-a-chip that serves as the "brain" of personal computers.

That bet, of course, has paid off handsomely, making Intel highly profitable and the world's leading semiconductor producer.

IBM has a microprocessor-based bet of its own in the works. Called Power PC, it is a family of chips, made in an alliance with Motorola Inc. and Apple Computer Inc., that will span the computer industry, for use in everything from handheld devices to the replacements for mainframes. The first Power PC chip, the 601, went on sale in September.

Very briefly:

- Britain adopted a bill allowing passenger rail services to be offered under franchise to private operators next year. The country also strengthened its position as the only big spot in the European auto industry, reporting that car sales rose 15.5 percent in October.
- France's recession started in the autumn of 1992 and was deeper but shorter than previously thought, the statistics office INSEE said. It said gross domestic product fell sharply early this year but is expected to increase slightly for the second half of 1993.
- Argentaria Corp. Bancaria de Espanola will expand its second privatization sale to 25 percent of the Spanish banking concern from the 19.92 percent originally planned.
- Swiss Reinsurance Co. said it expected a continued improvement in earnings in the reinsurance sector in 1993 and 1994. An official said earnings improvements had begun this year, particularly in the catastrophe and industrial reinsurance sectors.
- Thyssen Stahl AG plans to cut 3,000 jobs by the end of the century on top of the 10,000 it is shedding by the end of 1994, Chief Executive Ekkehard Schulz said. That would reduce the workforce to 20,000 by the year 2000, Mr. Schulz said.

Reuters, AFX, Bloomberg, AFP

EC to Speed Trade Inquiries

BRUSSELS — The EC Commission wants to set firm deadlines for starting and finishing inquiries into anti-dumping and other trade complaints in an attempt to get quicker action.

A plan prepared by the trade commissioner, Sir Leon Brittan, is partly intended to show critical member states such as France that the Commission is prepared to retaliate quickly when non-EC states dump exports in the Community.

The plan, which has to be approved by EC governments, gives the EC executive one month to initiate anti-subsidy or anti-dumping action after receiving a complaint. Investigations would be allowed to run for no more than nine months before provisional punitive measures would be imposed or the case dropped. A maximum of 15 months would be allowed for an inquiry to be completed.

NASDAQ

Thursday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Listed	Open	Close
1.34	1.12	IBM	2.00	4.2	11	144	130	136	134	134
1.18	1.02	Microsoft	0.00	0	14	104	84	91	91	91
1.05	0.88	Intel	0.00	0	19	75	55	62	62	62
1.00	0.80	Oracle	0.00	0	18	65	45	50	50	50
1.00	0.75	Novartis	0.10	4.0	12	55	45	48	48	48
1.00	0.70	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.60	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.50	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.40	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.30	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.20	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.10	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.00	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.00	Genzyme	0.10	4.0	12	55	45	48	48	48

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Listed	Open	Close
1.00	0.80	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.70	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.60	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.50	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.40	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.30	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.20	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.10	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.00	Genzyme	0.10	4.0	12	55	45	48	48	48

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Listed	Open	Close
1.00	0.80	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.70	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.60	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.50	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.40	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.30	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.20	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.10	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.00	Genzyme	0.10	4.0	12	55	45	48	48	48

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Listed	Open	Close
1.00	0.80	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.70	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.60	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.50	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.40	Genentech	0.10	4.0	12	55	45	48	48	48
1.00	0.30	Genzyme	0.10	4.0	12	55	45	48	48	48
1.00	0.20	Amgen	0.10	4.0	12	55	45	48	48	48
1.00	0.10	Genentech	0.10	4.0	12	55	45	48	4	

NYSE Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press (Continued)

Table of NYSE stock prices with columns for 12 Month High, Low, Stock, Div, Yld PE, 100s, High, Low, Last, Chg.

INTERNATIONAL FUNDS

Quotations supplied by funds brokers. Not all values are available. All values are based on the previous business day's closing prices.

Large table of international fund prices with columns for fund name, 12 Month High, Low, Stock, Div, Yld PE, 100s, High, Low, Last, Chg.

Vertical text on the right edge of the page, possibly a page number or reference.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

Rise in Exports Linked to India's New Trade Plan

NEW DELHI — A sharp spurt in Indian exports — especially agricultural products — showed that the country's radical economic liberalization plan is working, but a drop in imports indicated that industrial growth still has not been revived, analysts said Thursday.

Issue in Europe By India Telecom

NEW DELHI — Videsh Sanchar Nigam Ltd., India's state-owned overseas telecommunications company, will launch a \$500 million European share issue in January.

Japanese Back Bonus Cuts Workers Prefer Lesser-Paid Job to Layoffs

TOKYO — As Japan's recession-pinched companies struggle to cope with tumbling profits, workers are seeing their traditionally massive annual bonuses shrunk. Unions happily agreed on Thursday to a first round of cuts since at least their members will remain fully employed.

Seoul to Let Foreigners Own Part of Brokerage

SEOUL — South Korea has given a preliminary nod to the establishment of the nation's second joint-venture brokerage house, combining the resources of nine local industrial enterprises with three foreign partners led by Kleinwort Benson Ltd. of Britain, officials said Thursday.

Investor's Asia table with columns for Hong Kong, Singapore, Tokyo, etc. and rows for various indices and stock prices.

Very briefly:

- Mitsubishi Motors Corp. Japan's third-largest carmaker and a leading truck manufacturer, posted a 6 percent drop in first-half pretax profit and estimated that its earnings for the year would be down 9.8 percent.

Japan Bank Calls In Developer's Loans

TOKYO — Hokkaido Takushoku Bank, one of Japan's 11 city banks, withdrew support Thursday from Kabuto Decom, a financially troubled real estate developer, news reports said.

Taiwan Cuts Interest Rates

TAIPEI — Taiwan's central bank announced Thursday that it was lowering key official interest rates slightly to boost the economy, which has been hit by sluggish global growth and cutbacks in government spending.

Hong Kong Telecom Profit Rises

HONG KONG — Hong Kong Telecom company Ltd. said Thursday its first-half net profit jumped 15 percent, to 3.66 billion Hong Kong dollars (\$473.6 million) from 3.17 billion dollars a year earlier.

Introducing Brokers - Agents Professional Investors

REQUIRED BY LONDON BASED BROKERAGE HOUSE for Futures and Options - Foreign Exchange Managed Futures Funds

COMPANY RESULTS table with columns for Revenue and Profit for various companies like Argentina, Brazil, Canada, etc.

CURRENCY AND CAPITAL MARKET SERVICES advertisement for CURRENCY MANAGEMENT CORPORATION PLC.

Herald Tribune advertisement for living in the U.S. with contact information for subscriptions.

U.S. Firm, NEC To Market Chips advertisement for NEC Corp. and National Semiconductor Corp.

PROCUREMENT NOTICE advertisement for CUKUROVA ELEKTRIK A.S. regarding electrical materials.

STATE PROPERTY AGENCY HUNGARY Privatization of the Hungarian Network Power Distribution Rt-s advertisement.

OBSERVER

Dagwoods as Don Juans

By Russell Baker
NEW YORK — As the capital of the world's greatest Puritan republic, Washington is obliged to flutter and blush whenever sex makes a public appearance on the stage of statesmanship.

Thus the comical spectacle of the Packwood business is anything but comical to the lawyers, lobbyists, poll takers and small-bore philosophers who formulate what passes for the conventional wisdom there.

Senator Packwood's carnality is at the heart of the matter, of course, but only in Washington where sex gives marble-clad institutions the heebie-jeebies could Packwood possibly be cast as Don Juan.

It may offend the senator to have it said that his capers as Washington's own Kissing Bandit would seem comically bush-league in Los Angeles, New York and other national sin centers.

It will probably offend many women, too, to have the plain comical truth spoken of Packwood, for woman's struggle to win respect from the mauling boys has been hard, and many believe laughter betrays the cause. Many will not be content until one of those stone statues at the Capitol seizes Packwood and takes him down to hell.

The riches have been thoroughly ironized, especially Packwood's long record as a rare champion of feminist causes in the Republican Party, an institution notably hostile to feminism, at least in its last national convention.

Sexually sound Washingtonians now agree that his pro-feminist record is now irrelevant. The offense is too rank. The Senate Ethics Committee is on the case, those watchdogs of official morality who must judge their colleagues and slap the wrists of those too rascally to be casually dismissed.

Committees come armed with lawyers, and lawyers thrive on complication. And so what began as an inquiry into Packwood's behavior with women is now, we hear, an investigation of possible criminal activities of unspecified variety.

This line of investigation requires Packwood to surrender his apparently extensive diaries. Packwood resists, claiming the obvious invasion of privacy, and now suddenly he is no longer foolish "Kissing Bob" Packwood but grim Rich-

ard Nixon refusing to turn over the White House tapes.

This is happier ground for Washington. Freed from the moment from the embarrassments of a sex inquiry, it can settle into the comfortable old arguments about writs of this and that and whether the Fourth Amendment's privacy guarantee is pertinent and whether using a man's diary against him violates the Fifth Amendment, and so on into the dusty legal fogs where Washington is at home.

The one interesting question about the Packwood business, meantime, is being lost; to wit, in what point does a silly attempt at flirtation cease being ludicrous and become sexual harassment constituting an abuse of power, and therefore intolerable?

Washington women have always had to put up with a lot at the incessant dinner parties everybody attends. Back in the Kennedy era a woman lawyer with an important government job told me it was commonplace to feel the hand of the man at the next plate coming to rest on her knee.

Didn't it anger her? Not really, she said. It made her contemptuous. Washington rose so early in the morning, she explained, that by dimmering the important men one met at these dinners were too tired to be really interested in sex but seemed to feel obliged to pretend they were as frisky as schoolboys.

The questions here go not only to how much a woman should have to tolerate in the way of flirtation, but also to why some men feel compelled to behave as though aroused by women, even when they aren't.

The Packwood investigation would do a service by calling in experts to examine this second question. Is there something in the American air that forces our Dagwoods to make themselves foolish by trying to play Don Juans?

Is this what explains the compulsive philandering of so many politicians like John Kennedy, Nelson Rockefeller and Estes Kefauver, to cite only the more notorious?

Members of the Ethics Committee could earn their pay if they found out what makes so many men in politics feel obliged to be devils with the ladies.

New York Times Service



Among those backing Salman Rushdie's right to publish "Satanic Verses" are Moroccan writer Tahar Ben Jelloun (center) and Egyptian novelist Naguib Mahfouz.

For Rushdie, a Defense From Muslims

By Alan Riding
NEW YORK TIMES SERVICE
PARIS — For the first time since Salman Rushdie was condemned to death by Iran on the ground that he blasphemed Islam in his 1989 novel, "The Satanic Verses," an important group of Arab and Muslim writers and intellectuals has spoken out in defense of his right to publish the book.

Rather than simply putting their names to a joint declaration, though, each has written a brief essay or poem — or in the case of the Moroccan composer, Ahmed Essyad, a short piece of music — dedicated to the British author and to the principle of freedom of expression.

"The veritable terrorism of which he is a target is unjustifiable, indefensible," wrote Naguib Mahfouz, the Egyptian who won the Nobel Prize in Literature in 1988. "One idea can only be opposed by other ideas. Even if the punishment is carried out, the idea as well as the book will remain."

Tahar Ben Jelloun, a prominent Moroccan writer, said that no matter how much offense Rushdie's book might have caused, to condemn him to death for what he wrote is "intolerable, inadmissible and has nothing to do with the tolerant Islam that I was taught."

He added that literature as a whole, "the ability to create characters and develop them in the space and time chosen by the writer," was threatened because it can survive only in freedom. "Without freedom, there is no creation, no life, no beauty," he said.

The expression of solidarity by the 100 writers and intellectuals from a dozen Muslim countries takes the form of a book called "For Rushdie," organized and published in France by Editions La Decouverte. Contributions

were collected between October 1992 and June 1993. To coincide with publication, Rushdie, who has spent most of his time in hiding since the fatwa, or death sentence, was issued by Ayatollah Ruhollah Khomeini of Iran in February 1989, expressed thanks for this "anthology of blows struck in the fight against obscurantism and fanaticism."

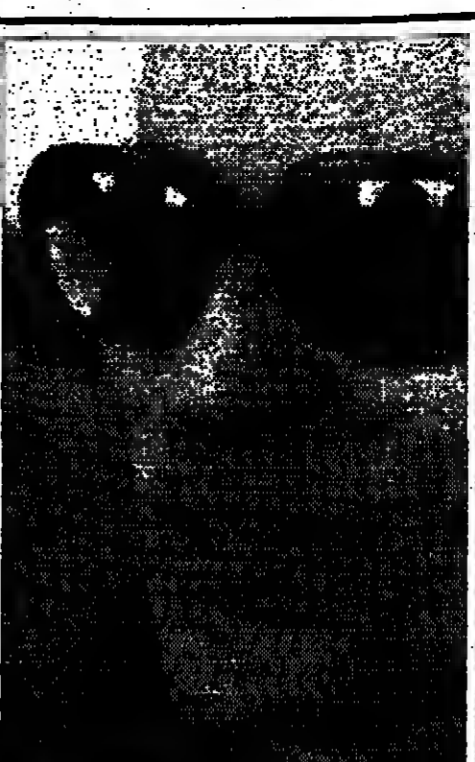
In an open letter to the French daily Liberation, the 46-year-old novelist said that "ever since the beginning of the whole sad affair of 'The Satanic Verses,' I have felt saddest about the relative silence of the writers and intellectuals of the Muslim and Arab world."

"So it is a great delight to find in this volume," he wrote, "the most gifted, the most learned, the most important voices of the Muslim and Arab world, gathered together to subject my work and the furor surrounding it to so brilliant, so many-sided, so judicious an examination."

"The book is important too," he said, "because it sets the affair of 'The Satanic Verses' in the context of the intellectual history of many different countries — the history of persecution past and present."

Many of the authors seem all too aware of persecution. While condemning the edict against Rushdie, they also pointedly drew Western attention to the threats and assassinations suffered by intellectuals in many Muslim countries today at the hands of religious extremists.

Several recalled the murder of the Egyptian writer Farag Fouda last year and the Algerian writer Tahar Djaout in May, while others warned of the deepening confrontation between secular freedoms and Islamic fundamentalism. Many of the authors have themselves been forced into exile. Abbas Baydoun, a Lebanese poet, said lack of interest in



Princess Diana

PEOPLE

Diana Keeps Her Cool About Bulimia Rumors

Princess Diana denied Thursday that she was suffering from a recurrence of the eating disorder bulimia and jokingly said she was postponing her "nervous breakdown" for a more appropriate moment.

The London tabs have been speculating about Diana's state of mind since she left an official engagement in tears pleading a migraine attack, and her step-grandmother, the novelist Barbara Cartland, said she was suffering from bulimia. "Ladies and gentlemen, you are very lucky to have your patron here," the estranged wife of Prince Charles told a charity function in London. "I was supposed to have my head down the loo." In a rare public display of frustration at stories in the royally-obsessed tabloid press, Diana said: "I am supposed to be dragged off the minute I leave here by men in white coats. It is amazing what a migraine can bring on." The Sun quoted Cartland as saying in a television interview to be broadcast later, "I had heard she had had a slight attack of bulimia. And then the other day she cried in public. She's not a little girl now — you don't cry in public at her age unless you are in terrible pain. . . . I only hope somebody is looking after her."

A British high court jury has awarded Elton John £350,000 (\$520,000) in damages over a newspaper story that falsely suggested he was on a bulimic "diet of death." John had already overcome bulimia when the Sunday Mirror said he was on a diet that allowed him to chew food but not swallow it, his lawyer, George Carman, told the court.

Dental problems have forced Michael Jackson to postpone another Mexico City concert, the second cancellation in two days.

INTERNATIONAL CLASSIFIED
Appears on Pages 4, 8, 9 & 19

WEATHER

Weather forecast tables for Europe, Asia, Africa, North America, Middle East, and Latin America, including high/low temperatures and precipitation chances.

CROSSWORD

Crossword puzzle grid with clues for Across and Down words, and a solution to the puzzle from Nov. 4.

Large advertisement for AT&T with the headline "I wonder if the little guy had fun today?" and an image of a child playing in a sandbox.

AT&T Access Numbers advertisement listing international access numbers for various countries.